

THE NATION'S BUSINESS

July

1922

What's Ahead in Taxes?

By MARK SULLIVAN

Free Business from Harmful Law

By ALBERT J. BEVERIDGE

True Tales of a Foreign Trader

By ROBERT DOLLAR

Keeping Business Out of Court

By JULIUS H. BARNES

Lessening the Dead Letter Drag

By POSTMASTER GENERAL WORK

Here Is *Why* Distribution Costs
The Spread of Farm Cooperatives
Listening In on Radio's Future
The Changes in European Tariffs

25 Cents





Seven Steps Ahead

—that's why GMC trucks assure better haulage

Continuous, economical and reliable transportation has been advanced further in the past two years by the improvements that have been built into GMC trucks than it has been furthered by all other motor trucks in ten years. Every one of these improvements develop more economy, increase the utility, and make possible a longer life for these trucks.

- 1. GMC Two-Range Transmission**—Has revolutionized motor truck design by combining more pulling power and more speed in the same truck with an economical power plant.
- 2. Removable Cylinder Walls**—Produce more fuel economy and more engine efficiency because they do not get out of round with pistons. Can be replaced in two hours at small cost.
- 3. Radius Rods**—Give driving thrust to truck, leaving springs to cushion load only. Hold axle fixed, making brakes function the same when truck is loaded or empty.
- 4. Pump-Thermo Syphon Cooling**—Sends cold water around valves and firing chambers while warmer water, functioning by thermo-syphon action, circulates around cylinders, increasing vaporization of fuel and therefore economy of operation.
- 5. Removable Valve Lifter Assemblies**—Make adjustment and replacement of tappets and rollers simpler and quicker. Permits four-minute access to crankcase for inspection without removing pan.
- 6. Pressure Lubrication**—A special GMC system which positively insures a film of oil under high pressure on every bearing of the engine. Promotes economy of oil and increases the life of the engine.
- 7. Prices**—GMC Trucks offer more quality at a lower price than has ever been offered before. The list prices are: One-ton \$1295; Two-ton \$2375; Three and One-Half-ton \$3600; Five-ton \$3950; Tax to be added.

GENERAL MOTORS TRUCK COMPANY—Pontiac, Michigan
Division of General Motors Corporation

General Motors Trucks





All buildings in this plant are Truscon Standard Buildings of the types shown in the accompanying diagrams. "L" indicates with lantern roof, "S" indicates sawtooth.

INFORMATION COUPON

Diagrams show Types and sizes of TRUSCON STANDARD BUILDINGS HEIGHTS—Curb to Eave 8'-0" to 21'-4"

LENGTHS—Types 1, 2, 3 & 4 any Multiple of 20' LANTERN—12'-0" wide provided at Ridge of any Building 40'-0" or more in width



TYPE 1

Widths—8'-12'-16'-20'-24'-28'-32'-40'-48'-50'-60'



TYPE 2

Widths—40'-48'-50'-56'-60'



TYPE 3

Widths—56'-60'-64'-68'-72'-76'-80'-84'-88'-96'-98'-106'-108'-116'



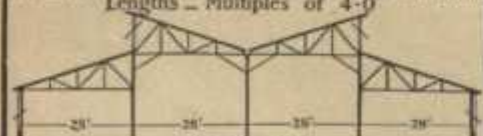
TYPE 4

Widths—80'-100'-112' (4 Bays @ 20'-25' or 28')



TYPE 3M

Widths—60'-64'-68'-72'-76'-80'-84'-88'-90'-96'-98'-100'-106'-108'-116'



TYPE 4V

Width—112' Lengths—Multiples of 20'



SAWTOOTH

Widths—Any Multiple of 28'-0" Lengths—Multiples of 20'

Truscon Steel Company,
Youngstown, Ohio

Send information on building type
width _____, length _____, height _____

Name _____

Street _____

City _____ State _____

Exceptionally Low Cost by Building Now

Today, when all building costs are low, greater savings are effected in Truscon Standard Buildings than in other constructions. In fact these all-steel buildings are at exceptionally low prices, due to the recent rock-bottom cost of steel.

1. Lower first cost is only one of the definite savings effected by Truscon Standard Buildings.

2. Their quick erection with minimum labor starts your building earnings promptly.

3. Their low cost reduces interest charges and taxes; their permanence saves on insurance and upkeep.

4. Easily dismantled, they are re-erected in new locations without loss.

Fireproof, daylighted, well ventilated, Truscon Standard Buildings make ideal factories, warehouses, foundries, service garages, filling stations, shops, etc. They are furnished in all sizes, with pitched, monitor or sawtooth roof.

Buy Them Now at Rock-bottom Prices. Write
or Wire for Information, Catalog, Etc.

TRUSCON STEEL COMPANY
Youngstown, Ohio

Warehouses & Sales Offices in Principal Cities

TRUSCON
STANDARD BUILDINGS
TRUSCON STEEL CO.



142 Fragile Articles—and no damage!

THE GILL GLASS COMPANY recently shipped these 142 fragile glass globes from Philadelphia to Milwaukee in Container Club Fibre—and **not one was broken!**

If our fibre can carry the most fragile glass—what *can it not do?*

Members of The Container Club design fibre boxes of *superior quality* not only to carry glass but most other medium-weight items—and on up, including iron and steel. We pack over 2,000 products. Very likely we can pack yours—and save you good money.

Your product should not go into ill-fitting boxes. Our fibre boxes are fitted to each item that's packed. When designed by our Members, your goods go from factory to destination in perfect condition. This satisfies customers.

Container Club Fibre S-A-V-E-S!

It saves cash over wood at the start

It saves nine-tenths of your packing-room space

It saves contents from damage in transit

It saves delay and annoyance

It saves freight costs for your customer

It saves your customer—FOR YOU!

Most likely our fibre will lend itself to the goods which you make. If it does, a big shipping problem is solved.

This advertisement is our invitation to you—to ask us about it. Your quick response will advantage us both.



Quality Mark

Address:

The Container Club
Dept. A-3, 608 S. Dearborn St., Chicago

[Note: The Container Club is an Association of manufacturers—builders of CORRUGATED and SOLID fibre containers of very superior quality. Their individual plants—some forty in number—are located from Massachusetts to California.]



70,000 Sq. Ft. for \$90,000 Built in 60 Working Days

This pre-war price for the saw-tooth building shown above still prevails provided that steel, brick and cement prices do not advance between June 5th, the closing date of "Nation's Business" advertising forms, and July 1st, the date of this issue.

For manufacturing purposes requiring well-lighted and well-ventilated working areas, the Austin No. 4 Standard is an ideal type. You can have it ready for useful occupancy in 60 working days from date of order.

Based on normal site and conditions, this is the permanent kind of building you will have:
Excavation and Grading for standard foundations and floors.

Concrete Foundations—Depth, 4 feet below floors. *Concrete floors*, 5 inches thick.

Brick Side Walls.

Roofed Steel Side Wall Sash, Truscon, Fenestra, Lupton, Allison or equal.

Mechanical Sash Operators.
Structural Steel Frame, columns punched for future extension.

Trusses—Designed to carry 1,000 lbs. at any panel point.

Concrete Window Sills.

Roof Structure, structural steel trusses, yellow pine purlins and roof sheathing.

Roof Waterproofing—10-year guaranteed composition roofing.

The Austin Company has built this type of standard building for many of the country's largest manufacturers; some of these plants are illustrated on this page. It is, however, but one type out of many which the Austin Company can now build for you at minimum cost.

Whenever you contemplate construction of any kind—in America or foreign country—Austin engineers can serve you with dispatch and economy. Phone, wire or use the coupon.

THE AUSTIN COMPANY, Engineers and Builders, Cleveland

CHICAGO NEW YORK DETROIT PITTSBURGH PHILADELPHIA
ST. LOUIS DALLAS SEATTLE BIRMINGHAM
THE AUSTIN COMPANY OF CALIFORNIA, LOS ANGELES

AUSTIN



ENGINEERING
BUILDING
EQUIPMENT

For the better service of Austin Clients on the Pacific Coast new offices with a complete Austin organization have been established at Seattle.

N. B. 7
Gentlemen: We contemplate the erection of the following buildings at the locations indicated and would be pleased to have you send a copy of the new edition of "The Austin Book of Buildings"
Firm _____
Individual _____
Address _____



Exterior showing special type of Austin No. 4 Standard building.



Plant of International Motor Company, Allentown, Pa.; built by The Austin Company.



New plant of the American Book Company, Bloomfield, N. J.; just completed by The Austin Company.

A new edition of "The Austin Book of Buildings" is on the press now. A copy of this 72-page book which illustrates and describes the complete Austin service—engineering, building, equipment—will be sent upon request. This book also contains complete details of the 10 Austin Standard Types.

*After
trying* **15**

*Different
Makes of Tires
in 5 Years*



The Pasadena Ice Company Reached Rock Bottom on Tire Costs!

The Pasadena Ice Company found their truck operating expenses were abnormally high. Trucks were often laid up with tire troubles. So they decided to make a broad comparison test of fifteen leading makes of tires over a period of five years.

Miller Heavy Duty Pneumatics won by a wide margin. They showed the highest mileage average and gave the least amount of trouble. All of this company's great trucks are now Miller-equipped. Operation costs have been lowered.

Thousands Have Made This Test

Every day we hear of a dozen or more instances like the above. Owners of large fleets are now buying tires on a comparative basis. And Miller Flat Tread Tires are

continually proving their superiority, tire after tire, in test after test. The flat-topped Geared-to-the-Road Tread gives greater traction—it distributes the load more evenly and lasts 50 per cent longer than the average non-skid tread. Under all manner of truck service and conditions, Miller Tires are

Meeting the Hardest Demands!

Great gas trucks of Boston—Florida trucks hauling logs from swamps—Texas oil trucks—sand and cement trucks of Illinois—luxurious, fast Pacific Coast motor Pullman busses—truck fleets of manufacturing companies and department stores—are Miller-equipped after severe tests which proved that Miller Tires save money and trouble.

High Uniform Service Counts—Not Records

It is possible for us to quote many high mileage records. This would mean little to the experienced truck operator. It is uniformly high mileage that really decides value.

That is why we ask fleet owners to test Miller Tires on a comparative basis. Test them, tire after tire, in comparison with any make you desire. Then select the one giving the highest uniform mileage at the least trouble and cost. That one will be Miller.

Ask the Miller dealer in your town to discuss your tire problems with you. He will be glad to study the conditions under which your trucks are operating, and recommend the tire which will give the greatest satisfaction at lowest cost.

THE MILLER RUBBER COMPANY of NEW YORK, Akron, Ohio, U. S. A.

Miller Tires

REGISTERED U. S. PAT. OFF.

Geared-to-the-Road

Through the Editor's Spectacles

WE PRESENT in this issue the third installment of Captain Robert Dollar's memoirs. Evidently they are being widely read, for we are getting an increasing number of letters commenting on them. Not all are complimentary to the Captain. Several find fault with the fact that he changed his ships from American registry. There is an explanation of why this was done in the last installment of the series which will appear in the August number. If any of our readers can answer the case Captain Dollar makes there, we should be glad to have them do it.

One letter brought forth by the Dollar articles is from the general manager of a chemical company on the Great Lakes. In concluding, this letter says:

Generally speaking, the majority of the people about the Great Lakes—who think of the matter at all—are extremely resentful against the La Follette seaman's act which by some of its rules is actually isolating several of our prosperous Michigan cities from lake travel. The Seamen's Act has certainly been of no benefit on the Lakes even for the Seamen's Union; this law has been a positive curse to the entire nation.

This being a well-known fact, the ordinary citizen, like myself, never ceases to wonder why such an obnoxious law is allowed to stand. Years roll on, administrations change, new crops of congressmen come and go, yet the Seamen's Act stays on the books.

IN THE first article of the Dollar series we commented editorially on the fact that Mr. Dollar is popularly suspected of being the original of "Cappy Ricks," the fiction character made famous by Peter B. Kyne. The statement has been repeatedly denied, but it always bobs up again. One of the most recent comments on the controversy comes from Richard Spillane, of the Philadelphia *Public Ledger*, who saw Mr. Dollar at a recent foreign trade convention in his city. Mr. Spillane says:

Men in the Pacific Coast delegations say Mr. Dollar is not the Cappy Ricks of Peter B. Kyne's classic stories, but the convention people insist on believing he is. At any rate, he is of the Cappy Ricks type—bright, clever, shrewd, interested in everything and in nothing more than in men and ships and the cargoes that go to and from the uncounted ports of the seven seas.

NOT many monthly magazines give thirteen to a dozen, but that is what *The Nation's Business* is doing this year.

The special number devoted to the notable addresses at the annual convention of the Chamber of Commerce of the United States went out to every one of our regular subscribers early in June. In addition more than 20,000 copies have been ordered for outside circulation, and to supplement the 100,000 we first ran, we have been obliged to start the presses again.

BEFORE Whiting Williams, the writer on industrial relations, left for his last European tour, he took time to write us from Dartmouth College, where he was lecturing before the Amos Tuck School of Administration and Finance:

I am sorry now that I did not "obey that impulse" and send back to you your last issue after I got through clipping the articles I

25 Cents a Copy

\$3.00 a Year

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As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

wanted. You would have been shocked at its appearance, but you would also have been pleased to see the amazing proportion of your pages which gave such useful information that I wanted to keep it on hand. I want to wish accordingly more power to your editorial elbow and its trusty blue pencil.

SAMUEL HOPKINS ADAMS' article, "Bait for the Business Man," which appeared in the May number, has been widely commented upon. That is not surprising, since we were able to present the subject through a writer of the first rank who has specialized on showing up business frauds of all sorts.

One of our readers, Daniel A. Ruebel, of the Chappelow Advertising Company, St. Louis, thinks that one part of the story may work a hardship on a client of his company. Mr. Ruebel writes:

In this article reference is made to the activities of one Marcus A. Fee, of the Valecia Condensed Milk Company. We believe the statements made in this story regarding the

activities of Mr. Fee are entirely according to the actual facts. However, some of the good gentlemen who fell to Mr. Fee's blandishments saw possibilities of conducting the Valecia Condensed Milk Company as a legitimate business enterprise and as a result have conducted the business as the Valecia Evaporated Milk Company, which is located now, as it was at that time, at Madison, Wisconsin. The gentlemen connected with the Valecia Evaporated Milk Company are all honorable men and are conducting the business on an honorable basis.

The NATION'S BUSINESS has no desire to injure a reputable concern. We are glad to present Mr. Ruebel's statement.

HERBERT ARMITAGE DRAKE, of Camden, N. J., takes decided exception to some of the conclusions of William Allen White in his article, "Industrial Justice—Not Peace," which came out in the May NATION'S BUSINESS. He says:

It is a sin and a shame that a writer who writes so well, who is so entertaining and who has the ear of the public to so large an

Another Hockenbury Success!



The New Hotel
Ypsilanti, Mich.

H. L. Stevens & Co.
Architects, Chicago

"What This Town Needs . . ."

"What this town needs most of all is a new and modern hotel," declared one of a group of Ypsilanti business men at a small group luncheon.

"Sure," agreed his luncheon mates, "But who'll build it?"

"Ever hear of The Hockenbury System Incorporated? They'll do it—if anybody can!"

"Let's get after them, then. This town's been losing money long enough because of our inadequate hotels!"

Sequel

They called in The Hockenbury System Incorporated, a survey was made AT OUR EXPENSE and in a one-week's campaign \$202,900 in stock was sold and Ypsilanti gets her new Hotel!

If YOUR town really needs a New Hotel this unique organization can help you.

"Financing Your City's New Hotel" tells more of the plan and—it's free.

The Hockenbury System Inc.
Penn-Harris Trust Bldg., Harrisburg, Penna.

extent as Mr. William Allen White, should put out such crazy heresy and disloyalty as he does, and call it "Industrial Justice."

Are laboring men in a class with pigs and pigeons so that they must be taken care of in order to improve the breed? Are they less able to take care of themselves than robins and rabbits? It would be placing them in a class inferior to robins and rabbits to seek and obtain for them, from an industrial court, any such erroneous decree as that "the laborers are entitled to a fair wage," or any such nonsense as that "the state's right to a good citizen is paramount to any other consideration."

This may be law in New Zealand where the framer of this law, and the inspiration of this court in Kansas, hailed from. But here, where the sanctity of contract and the protection of property under a regime of contract are paramount to any other considerations, this law will not wash. There he was not faced with the fundamental prohibition of the palladium of our liberties which says, "No state shall pass any law impairing the obligation of contracts."

Let us have "Collective Bargaining," by all means. But why talk about collective bargaining if the resulting bargain or contract is to be made a football of, as to the employer, and the obligation of his employee to that contract impaired by the judgment of an industrial court holding that this contract is void because it does not give a fair wage? No justice of the peace in backward Arkansas would ever commit any such unjust, wild-eyed, reversible error as this "novel proposition" of the Industrial Court of forward Kansas.

It is suggested that this deliverance of Mr. White is out of harmony with his Progressive Mentor, the late Theodore Roosevelt, who said, "The Farmer, the Worker and the Business Man carry us along. The business man is sometimes too meager, too sparing in sharing his prosperity with the farmer and the worker. But unless the business man prospers, there is no prosperity to divide."

Society exists for the creation and production of righteous, self-dependent men, giving men the choice of a career where they can join, in the words of Plato, "the remnant who seek wisdom and happiness," or the choice of following "the madness of the multitude." Laborers, who are held to an equality with other men before the law, should "quit themselves like men." They should either get out of labor into capital or accept the consequences of being, as they are, dependent on business.

I cannot more clearly point out the rot of Mr. White's stuff than by the following quotation from a great authority: "As already said, the law that each creature shall take the benefits and the evils of its own nature, be they those derived from ancestry or those due to self-produced modifications, has been the law under which life has evolved thus far; and it must continue to be the law however much further life may evolve. Any arrangements which in a considerable degree prevent superiority from profiting by the rewards of superiority, or shield inferiority from the evils it entails—any arrangements which tend to make it as well to be inferior as to be superior—are arrangements diametrically opposed to the progress of organization and the reaching of a higher life."

Mr. White's proposition is not industrial justice but proposes social degeneration.

THE life of a magazine article need not necessarily be confined to the month following the date of its nativity. Several years ago we ran a series of reviews and comments under the heading, "A White List of Business Books," edited by John Cotton Dana, of the Newark Public Library. There were sixteen of the series, the last appearing in July, 1919. The introductions have been re-edited and issued in booklet form under the heading, "On Buying and Using Print."

Why Pay More?

When you can procure this No. 1724 four drawer, flat top, paneled side, oak

Weis
Letter File for \$20

This new **Weis** 1700 Lane is made in 2, 3, and 4 drawer heights in Letter and Cap widths in Golden or Natural Oak. Birch Mahogany at 10% extra. Send for our catalog of Filing Equipment, Filing Supplies and Sectional Bookcases booklet "Filing Suggestions" and name of your nearest **Weis** dealer.

NOTE—Prices noted in this ad apply in North, Central and Eastern States. Consistently low in South and West.



Sectional Card Index Cabinets

Are the logical answer to an expanding card index system in 3x5, 4x6, 5x8 and 6x9 card sizes. Our catalog gives complete information.



\$22



Stack illustrated consists of one 3x5 Top and three 3x5 Bottom sections and Leg Base. Price in Plain Oak, \$22.00. Price for 4x6 combination, \$26.25. 5x8 combination, \$30.50. 6x9 combination, \$34.75. Quartered Oak and Birch Mahogany trifle higher.

Weis Utility Cabinets



For holding letter or legal cap papers, also made strong enough \$8 to use as an electro file. No. 814 with drawers, Golden or Natural Oak, \$8.00. No. 418 without drawers, \$5.50. Birch Mahogany trifle higher.

Weis Stationery Cabinets

Are money earners because they are Stationery savers. Compartments for Letter, Cap and Note Size papers, long and short \$6.50 envelopes and drawer for carbon paper, etc. Also made without cover—little lower in price. Golden or Natural Oak or Birch Mahogany.



A Swinging Stand

Attached to your desk provides additional workable space. Better than slide in desk for holding stenographer's note book while taking dictation.

No. 5
\$4.50

No. 5—Black metal \$4.50; No. 6—Oxidized Copper \$5.00; No. 7—Nickel Plated \$5.00. The 14x18 inch tops in Golden, Natural or Weathered Oak or Birch Mahogany finishes.

The Weis Manufacturing Co.

92 Union Street, Monroe, Mich.
New York Office, 83 Park Place

What's Ahead in Business?

What influences are at work in your field?

When will production and consumption of the great basic commodities reach normal levels again?

Is the supply of available credit large enough to permit further expansion in general business?

Will the farmer's purchasing power increase enough to develop fully the buying power of rural communities?

Will the stock market go higher, or has it already reached its peak? What is the outlook for bonds?

Where can you get all the general business and financial statistics that you need in your line?

For answers to these, and similar problems, read Standard Daily Trade Service.

STANDARD DAILY TRADE SERVICE surveys and forecasts all the trade factors that determine your success. It examines, and reports, on more than fifty important fields in industry, banking and commerce. It surveys conditions in the basic industries—such as iron, steel, copper, paper, leather, oil—in general business, such as finance, railroads, foreign trade, shipping, prices, labor—in manufactures, such as textiles, foods, automobiles, chemicals, machinery, etc. The results of its investigations are reviewed by the largest staff of analytical experts ever assembled for such a purpose—and their forecasts are delivered to you in advance of the events. To get one of these forecasts, send for "The Future of Security Prices"—free of charge. Fill out the coupon below.

Standard Statistics Co., Inc., 47 West St., New York

You may send "The Future of Security Prices" free

to our Mr.

Firm Name..... Street.....

P. O. State.....

A REMARKABLE BOOK

is the **MODERN BUSINESS CYCLOPEDIA**. Contains over 15,000 definitions of accounting, banking, commercial, economic, export, financial terms, including 3,000 general and stock ticker abbreviations. Complete business education in one volume. Serves faithfully. Saves fees. You need it. Sent prepaid \$4. Money-back guarantee. Order yours NOW!

MODERN BUSINESS PUB. CO.,
Dept. N. B., 1369 Broadway, New York City.

The **NATION'S BUSINESS** offers in its advertising pages a way in which you may influence a group of key men in every community. Sell these men monthly and you can have no stronger element in the whole community on your side.

The Nation's Business Advertising Department

IT IS difficult to find a subject much less alluring than cold statistics about safe deposit vaults. Apparently realizing this, the Continental and Commercial Banks of Chicago have issued a piece of unique publicity, in which a fancy fringe embroiders the dry facts. The idea is worth passing along to every business man who is interested in new means of lightening and decorating prosaic material.

The fringe consists of an original jingle which sets forth that the pyramids were the first safe deposit vaults, being intended for the safe keeping of the monarch's mummy; but that in time a prying person "with a mental twist—known as an archeologist" dug up the mummy. It continues:

If Rameses
Lived in these days,
He'd find that new
And modern ways
Are better far
Than anything
Devised by old
Egyptian King.
Of thieves and thugs
Himself he'd rid,
And never build
A pyramid.
He'd rent a drawer,
Without a fault,
In a modern safe
Deposit vault.

The booklet is printed on an imitation of Papyrus, and on the cover is a drawing of a pyramid as seen through the aperture of the huge circular lock usually found at a safety-vault doorway.

WALTER PAGE, of the Carnation Milk Products Company, has an idea of what ought to be done about the tariff. Here's a suggestion that he makes in a letter to the editor of **THE NATION'S BUSINESS**:

One of the things that I would like to see **THE NATION'S BUSINESS**, or any other publication that goes out to the business men of this country, bring out, is the necessity for a Tariff Commission, which not only will adjust our own tariffs, but will have the power to make reciprocating tariff arrangements, in order to get tariffs reduced in other countries.

There are countries today where our staple canned foods are taxed on the basis of luxuries, such as perfumes, etc. These tariffs are not justified by the facts, because they are not made for raising revenue (such a small amount being shipped in, the tariff being prohibitive) and they have little or no industry to protect.

Therefore, it seems to me, if we had the proper body in this country, that it would not take long to adjust some of these matters, and it would help us very much in exporting to those countries.

A NEW subscriber who signs only his initials "J. B." and who shall be no more fully designated here, answers our invitation to criticism of this magazine by saying that "more meat and less trimmings would be better for brain-tired business men."

The superstition that business men suffer from brain fog is rapidly becoming obsolescent; but even if it were not, everyone knows that meat isn't good for brain fog.

Economics has been called the dismal science, and the classification could be extended to include most of the things written about business. It is our constant endeavor here to enliven the record of outstanding current commercial and industrial events. Perhaps that is why "J. B." speaks of "trimmings." We would like to put this question to a referendum of our readers:

Do you want less "trimmings"? *M.T.*

Successful Speculation

The great basic law of Action and Reaction governs both the speculative and investment markets exactly as it governs the scientific and mechanical worlds. While it is impossible for any one to anticipate the day-to-day ripples the great major movements are as regular almost as the tides themselves.

Babson's REPORTS

Based on fundamental statistics, forecast these major movements. They enable you to find the real "buys" at low tide—to ride up with the rise and sell out near the top with unusually long profit.

Over 15,000 of the country's keenest investors have increased their income by adopting the Babson method. You will find the whole story in the booklet "Getting the Most from Your Money."

Tear out the Memo—now—and hand it to your secretary when you dictate the morning's mail.

MEMO

For Your Secretary

Write Roger W. Babson, president of Babson's Statistical Organization, Wellesley Hills, 82, Mass., as follows: Please send me Booklet G41 "Getting the Most from Your Money" and copy of recent report—gratis.



The Curse of Industry

The cause of unfair competition and the secret of business failure is

Ignorance of Cost of Production

Overhead distribution is a crime. Common practices of cost accounting are misleading.

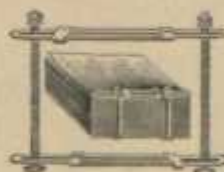
Cost Engineering solves the problem

Send for "The ABC of Cost Engineering" Sent Free

THE DENHAM COSTFINDING CO.

COST ENGINEERING SERVICE

407 Sloan Building
Cleveland



The F. B. Loose Leaf Holder

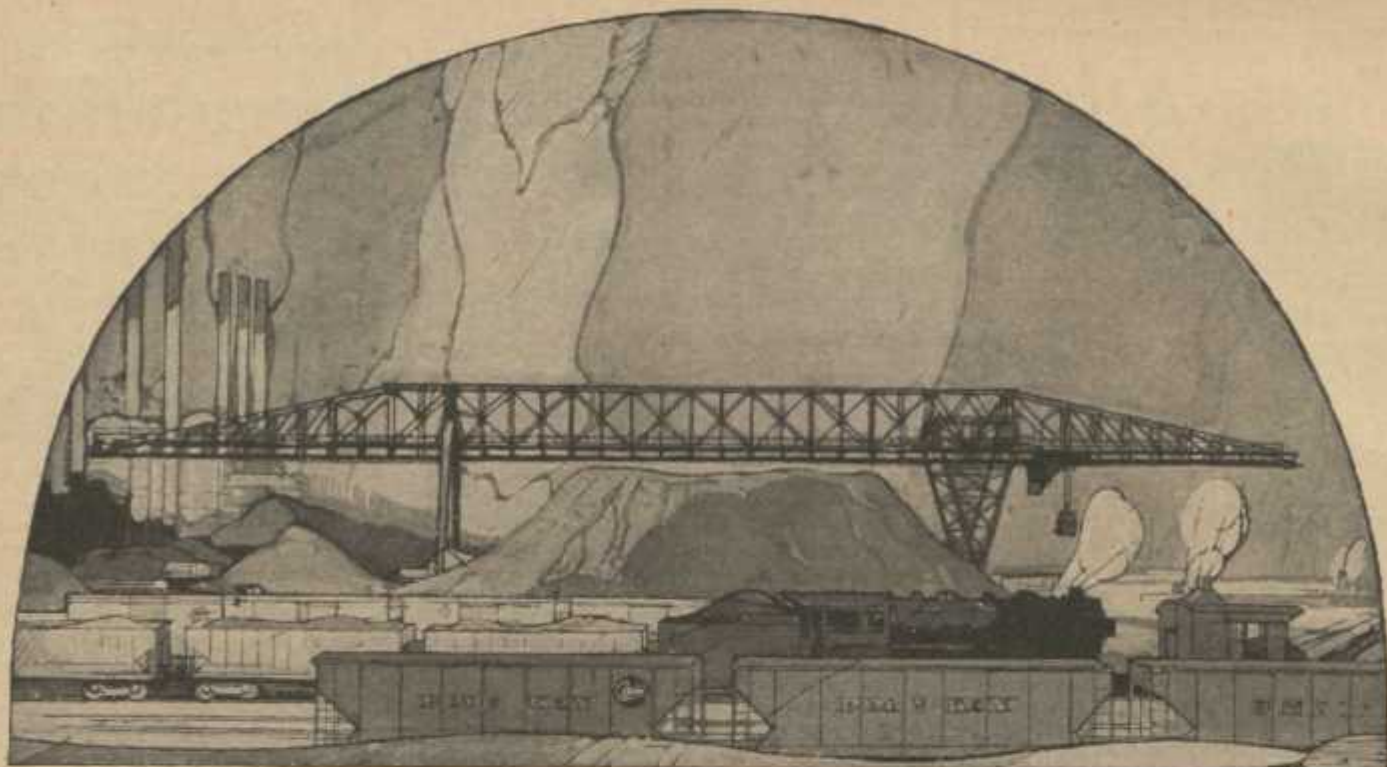
is the most demanded and cheapest transfer binder for your loose leaf records.

Pat. May 13, 1913

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THE NATION'S BUSINESS

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What's Ahead in Taxes?

By MARK SULLIVAN

FOR the purpose of the main point I hope to make, let us start with this sum: \$3,650,000,000. That is the amount which the Appropriations Committee of Congress has arrived at as the total sum to be paid out of the Treasury during the coming fiscal year, which ends on June 30, 1923.

(At this point, I apprehend that the business man who reads this article will be moved to wish he had an opportunity to conduct a searching cross-examination of the writer. "Is this really the total sum?" he will want to ask. Is it a good-faith figure? Is it a real figure or is it a mere bookkeeping entry? Will the writer give his word that there is no trick about it, and that \$3,650,000,000 is actually the entire amount to be paid out by the Treasury next year?)

That questions like this should arise is a natural result of the complexities that necessarily attend this subject. And if the asking of these questions is attended by a little irritation, even by a little suspicion, that is a natural result of unpleasant experiences in the past. In past years, business men wishing earnestly to understand their government's financial affairs have been so often disturbed by seeing grandiloquent announcements of "savings," and learning later that the so-called saving was merely a paper difference between what the departments asked for and what Congress granted; and we all have seen so many examples of preliminary estimates upset by "deficiency" appropriations, and other emergency appropriations—there has been so much of this in the past, that it is easily understandable if the earnest reader puts his finger on this amount, \$3,650,000,000, described as the total amount to be paid out of the Federal Treasury during the year 1923, and demands to be shown.

The present writer is willing to underwrite the accuracy of this figure to a certain degree. But that degree is confessedly a little short of 100 per cent. The present writer is willing to underwrite the good-faith of the estimate completely. It represents the net result of the sincere and painstaking efforts on the part of a considerable number of able and conscientious men in the government, to arrive at an estimate that shall be at once accurate, simple to understand, and as low as possible. But while the present writer can take pleasure in guaranteeing the good-faith and the ability of the men through whose hard work

this estimate has been arrived at, he cannot (and even any or all of the very men who took part in arriving at the estimate, cannot) guarantee the absolute accuracy of the estimate.

They hope that no more than this sum will be paid out of the Treasury next year, they intend that no more shall be paid out, they believe that no more needs to be paid out, but in the nature of things they cannot guarantee that no more will be paid out.

In the first place, in the nature of the case, the business of the government of the United States has grown to be so huge, and so complex, that it literally eludes the effort of any man, or any group of men, no matter how great their ability or how large their experience, to reduce it to the same degree of exactness that can be and is practiced in ordinary business corporations.

In the second place, even after all of the splendid work that has been done by General Dawes and others, during the past year, it still remains a fact that the business of the government is not carried on as well as it could be. On this point General Dawes, writing as late as May 8 of this year, said: "The Director of the Budget has so frequently called attention officially to the archaic system of governmental accounting that he will not here comment upon it further except to say that neither Congress, the Executive, nor the public can ever be fully and properly informed as to the business operations of government until it is reformed."

To a group of readers who are business men, one incident of government accounting will tell the whole story. It is General Dawes who calls attention to it. Some three or four years ago the government loaned some hundreds of millions of dollars to the railroads. Of this detail of the government's

bookkeeping, General Dawes has this to say: "Under the present system of government accounting, the loan of money to the railroads is called an 'expense,' and the return of money loaned a 'receipt.'"

In the same way, General Dawes points out that the money which was turned over by the Treasury to the War Finance Corporation as a loan "was gravely marked down"—these are General Dawes' words—"under the accounting system as an expense instead of a loan."

Would Be Funny If—

GENERAL DAWES sums it all up by saying: "An accounting situation like this might be regarded as humorous in a small business. It is nothing short of a calamity in governmental accounting. This indefensible system of governmental accounting renders possible the placing of almost any kind of a misconception on the fiscal figures of government as ordinarily presented." However, General Dawes, after painting the present picture as badly as it is, adds this note of hope at the end: "Until the proper system of governmental accounting is inaugurated, which Comptroller General McCarl has under way, it will always be difficult to draw proper conclusions as to real economies, either from the Treasury figures or from the departments separately." This is the element of confident hope in the situation. Very soon it may reasonably be expected that to the immense and successful work done in the field of bringing system and order to the government's business during the past year, there will be added this remaining necessity of the clarification of government accounting.

Finally, a third reason why this amount, \$3,650,000,000, to which I am aiming, by conscious reiteration, to call conspicuous attention, cannot be guaranteed to be accurate. It is, I have said, the official estimate of the amount to be paid out of the Government Treasury during the year 1923. But it is a fact that in all years there will be a certain number of unintended and unforeseen "emergency" or "deficiency" appropriations. Undoubtedly there will be some such next year. To enable the reader to understand what I mean, I call attention to the \$50,000,000 which was appropriated this year for the relief of famine in

Russia. That famine could not have been foreseen nor could this appropriation have been included in the estimates last year. Such



incidents will happen next year, and they will impair the accuracy of this estimate.

Nevertheless, after everything has been said in explanation, two things can be said about the accuracy of this figure. The first is, that a greater amount, by far, of earnest and conscientious work has gone into the effort to make it accurate than in any previous year—the estimate is as accurate as it is possible for human intelligence to make it. Second, not all of the possible variations are likely to amount to over \$200,000,000. In short, so far as human intelligence can say, this amount, \$3,650,000,000, is within \$200,000,000—within, let us say, 5 per cent—of the amount of money that will be paid out of the Federal Treasury next year.

Now the separate items which make up this gross government expenditure of \$3,650,000,000 are almost innumerable. The budget for 1923 fills a printed book which contains more than a thousand pages and weighs more than five pounds. (Our first national budget, in George Washington's time, was for \$639,000; and it took just thirteen printed lines to tell the story.) But for the purpose of this article I should like to summarize these almost innumerable separate items into two main groups, which I shall call Group A and Group B, and which I shall explain below:

Group A

Ordinary expenses of running the government \$1,650,000,000

Group B

Interest on the public debt, about	\$1,000,000,000	
Reduction of principal of public debt, about	375,000,000	
Caring for ex-soldiers, etc., about	625,000,000	2,000,000,000
		<hr/> \$3,650,000,000

In making deductions from these figures, let me speak of Group B first. Group B, it will be observed, includes, roughly, all those items of government expense which arose from the recent war. They are the expenses which we have now but did not have before the war. They are an addition to the normal cost of running the government. A further characteristic of this group of expenses is that they are less elastic and more exacting than the

ordinary expenses of running the government—more stubborn in their resistance to all efforts to pare them down. This is one of the main points I hope to make in this article. My theory is that this sum of Group B expenses, this aggregate of the expenses arising out of the war—expenses not related to the ordinary cost of government and not controllable by ordinary efforts toward economy—this sum, which is about two billion dollars for 1923, will continue to be two billion dollars in 1924, and will be the same, certainly not less than the same, for many, many years to come. To see whether the reader agrees with it, let us take up the three items composing the group of expenses arising out of the war.

Can't Get Around This One

THE first item is \$1,000,000,000 for interest on the public debt. This obviously is a figure that cannot be reduced—certainly not during the coming year. In future years it may be possible to reduce somewhat the rate of interest. On the funded part of the public debt the rate now paid runs over $3\frac{1}{2}$ to $4\frac{1}{4}$ per cent. On the floating debt the rate is somewhat higher. Undoubtedly it can be assumed that so able a business man as Secretary Mellon is already taking account of changed conditions, so far as he is able, to bring the rate of interest down. But not a great deal can be done along this line for several years to come—not until the various Liberty Loans come to maturity.

The second item of Group B is described in the budget as "reduction in the principal of the public debt." Business men who read this article will understand that this means the sinking fund. It means the amount paid off from year to year on the principal of the public debt. In the budget for 1923 this item is given as \$369,338,000. For the purposes of the present articles I have called it, roundly, \$375,000,000. It may some day be less. But to whatever degree the sinking fund becomes less, another item in this Group B of war expenses is likely to become greater, as I shall explain in a moment.

At this point, I ought to concede that in proportion as the public debt is reduced by

the sinking fund from year to year, the amount of interest to pay will be reduced automatically. By the act of paying off a third of a billion dollars or more of principal next year, the annual interest charge will be reduced for all time by some thirteen million dollars.

But having conceded the possibility of reductions in the first two items of the war expenses, we must now turn to the third of these items. That is the item which is going to grow, and which, by growing, will consume whatever reductions may be made in the first two items.

As fast as there is a reduction in the first two items of Group B, so fast—or faster—will there be an increase in the third item.

The third item in Group B is the cost of taking care of all the human casualties of the war. It includes pensions, and the care of all who have suffered from every variety of wound or disability. In the budget, these expenses are classified under "United States Veterans' Bureau," "Federal Board for Vocational Education," and some minor activities. This item is now one of the principal items of government expenses. And in the years following 1923 the sum will mount up and up. That item is sure to grow. How much it will grow no man can tell. It depends on a variety of conditions as they arise. The chief of these conditions is the generosity of Congress. (I am not sure that "generosity" is the word that exactly describes the emotions of a congressman who moves to raise the amount paid to ex-soldiers.) Political conditions will always tempt Congress to raise the amount paid to ex-soldiers. Formidable numbers of the ex-soldiers will organize to demand more, and will make themselves felt politically. It is a field in which no one can be exact as to figures; but it is equally a field in which it is safe to make the generalization that this item is bound to increase from year to year.

The net of all this is that while the three items within Group B will fluctuate, this aggregate of Group B—expenses arising out of the war—will continue to be about \$2,000,000,000 for many years to come.

Let us turn now to Group A, the ordinary expenses of running the government, \$1,650,000,000. Is that likely to be reduced? I do not think so.

The ordinary pre-war expense of the government, in the last pre-war year, 1916, was \$1,250,000,000.

You can compare the two figures yourself. You will



find that the increase in the ordinary expense of running the government between 1916 and 1923, is \$400,000,000. That represents the aggregate of the advances in the cost to the government of materials, wages and the like, due to causes that have affected us all in our private businesses, and with which we are all familiar. If you work it out in the form of percentage, you find the increase has been about thirty per cent. Every business man who reads this article can compare this percentage with his own experience in his own private business. Most business men will admit that the cost of managing the government has not risen to any degree perceptibly greater than the

increase in the cost of running private businesses and private households.

The final net of it all is that this sum, \$3,650,000,000, which is going to be paid out of the government treasury next year, is approximately the same sum or at least the probable minimum sum, that will be paid out in every year for a considerable time to come—certainly five years, possibly ten years, possibly even longer.

And the deduction which every business man will already have made for himself, is that the taxes we are now paying are not likely to be reduced for as many years as the appropriations are not likely to be reduced.

Finally: In all this, I have taken no ac-

count of the money owed us by several European governments. I have left it out because of two formidable "ifs." We will get some money from some of these governments. How much no one can foretell. But when and if we do get it, there will arise the question of how we shall apply it to our own accounts—not how we ought to apply it, but how we are likely to apply it. No one needs to be any more familiar with the disposition of Congress than the present writer is, to anticipate that whatever sum we get from abroad is likely to be appropriated, before it actually reaches our Treasury, for a wholly new and additional outlay, the soldiers' bonus.

Keeping Business Out of Court

By JULIUS H. BARNES

President, Chamber of Commerce of the United States

FROM ITS foundation, the Chamber of Commerce of the United States has advocated the settlement by arbitration of commercial disputes. It has now gone a step further and is putting into practice the principles it has so persistently advocated.

This it has done in two ways:

By submitting a plan of arbitration and rules of procedure for its member organizations.

By setting up an arbitration tribunal within the National Chamber itself.

This double plan makes possible arbitration of disputes between members of the same commercial organization, between members of different commercial organizations, and between business men in a foreign country and those in this country.

It may be fairly said, I think, that the carrying out of this plan is one of the most important achievements of the National Chamber in its ten years. My predecessor, Mr. Deffrees has referred to it as one of the greatest if not the greatest achievement of the Chamber in the two years in which he held office. I shall feel gratified if my own administration shall see a greatly widened use of commercial arbitration among the Chamber's organization members and an efficient service by the Chamber's own tribunal in cases that properly come within its jurisdiction.

In building its arbitration program the National Chamber had constantly in mind these purposes: To promote the arbitration of disputes in commercial cases and to encourage chambers of commerce and trade associations to equip themselves with the machinery for such arbitration.

Recognizing that arbitration should primarily be the function of local chambers of commerce in cases affecting business men of the same community, and of trade associations for business men of the same industry, the National Chamber felt that there was beyond this a field in which it might well offer its services. Here is the way in which that field was defined:

That resort to the arbitration of the National Chamber shall in all cases be voluntary.

That the National Chamber will never arbitrate when the parties to the controversy are both members of the same organization member of the Chamber and that organization member has arbitration machinery of its own.

That it will arbitrate where both parties request it and one party at least is a member of an organization affiliated with the Chamber.

That it will in its own discretion arbitrate in any case where both parties requested it ex-

cept when both are members of the same organization member which has arbitration machinery.

By this limitation of jurisdiction, the National Chamber will avoid any conflict of jurisdiction and will preserve to member organizations their task of providing for arbitration between their own members.

A broadening use of commercial arbitration by business organizations is at the base of the Chamber's plan. It would like to see set up by each of its organization members a forum in which business disagreements might be settled.

There is no need here to present a brief in support of arbitration of commercial disputes. Its history is one of constantly widening success. Nor is there any failure to recognize that certain matters can only be satisfactorily settled through the courts.

Nevertheless, where arbitration is possible, it is preeminently appropriate for the clearing of disputes between business men.

Arbitration affords a means for decision upon the merits of a business transaction as it is understood by business men. There is no chance for the result to turn upon some technicality or some rule of which neither party had thought. A conclusion can be reached speedily, because there is no opportunity for dilatory proceedings and the case does not have to take its turn on a long list of other cases. When a decision is rendered, it is final; the way is not open for appeals upon unsubstantial matters to other bodies. The process of settlement through arbitration is so inexpensive that every honest difference in a business transaction can be submitted for determination.

In effect, then, it is not the question whether the expense warrants a trial of the facts that decides the submission of an issue to commercial arbitration, but whether there is a real question of business rights demanding a decision.

Something has been said of the widening history of arbitration. Most of the organized markets, such as those for the sale of cotton or wheat or stock, impose arbitration upon their members. Many of the trade associations have rules which govern the dealings of members with one another, and these rules commonly provide for arbitration. More than \$300,000,000 worth of raw silk is sold yearly under the rules of the Silk Association of America. This association maintains a most effective tribunal of arbitration.

Nor have chambers of commerce neglected their opportunities. The Chamber of Com-

merce of the State of New York in 1768, the year of its foundation, organized a committee for "adjusting any differences between parties agreeing to leave such disputes to this chamber," and such a committee has continuously existed since then. The Chicago Association of Commerce has recently crystallized its interest in arbitration into a special court.

The Chamber of Commerce of the United States at once after its organization sought to advance the use of arbitration. With important commercial organizations in some Latin-American countries it has arrangements for promoting and facilitating arbitration of disputes which arise in trade between these countries and the United States.

The International Chamber of Commerce has continued the interest in commercial arbitration shown by the International Congress of Chambers of Commerce which held biennial meetings in the years preceding the European War. The International Chamber is now perfecting plans for encouraging use of arbitration generally in international trade.

But a short time ago the Arbitration Society of America was founded to work for the general adoption of arbitration in business disputes and to establish a Tribunal of Arbitration.

The Chamber's Field

THE United States Chamber of Commerce has carefully avoided any entrance on fields which are already occupied or which should be occupied by other organizations, and one of the chief tasks which it has accomplished has been the definition of six principles which should be adopted by business men's organizations and a set of clear and concise rules for the conduct of arbitrations. One point urged in the six principles is this:

Advocacy of the use of arbitration should include promotion of insertion of a clause in contracts among business men to provide that controversies arising in connection with such contracts will be submitted to arbitration under the rules of the organization named in the clause. Such a clause may be simple, taking such a form as: "All questions arising in connection with the interpretation or execution of this contract shall be settled by arbitration under the rules of the (Name of Organization)."

For its own direct participation in the work of the arbitration within the boundaries which I have outlined above, the National Chamber has selected an Arbitration Board—

which shall be composed of the members of the Board of Directors who have been elected to represent the nine election districts into which the country is divided and to represent the activities embraced in the eight departments and who are in the second year of the two-year term for which they are elected: *Provided*, That instead of any member of the board who cannot act in a case the President of the Chamber may designate any other member of the Board of Directors.

These senior directors who constitute the Arbitration Board, and all of whom have signified their willingness to serve are:

William T. Hincks, Bridgeport, Conn.	Frederick B. Wells, Minneapolis, Minn.
Andrew C. Pearson, New York, N. Y.	Theodore F. Whitmarsh, New York, N. Y.
Henry M. Victor, Charlotte, N. C.	J. H. Ross, Tampa, Fla.
Frank Kell, Wichita Falls, Tex.	Lewis B. Stillwell, New York, N. Y.
Clarence H. Howard, St. Louis, Mo.	Harry A. Smith, Hartford, Conn.
Max W. Babb, Milwaukee, Wis.	A. J. Browne, Allentown, Pa.
Charles C. George, Omaha, Neb.	Lewis E. Pierson, New York, N. Y.
Fred C. Richmond, Salt Lake City, Utah.	Paul Shoup, San Francisco, Calif.
J. H. Bloedel, Seattle, Wash.	

This is a notable board, not only in the individual quality of the men who compose it, but in the wide-spread sections of the country

they represent and the diversity of their business interests. Here are men from New England to the Pacific Coast; from Minneapolis to Tampa. Nor are their business activities less varied. In the group are bankers, insurance men, manufacturers, wholesales, railroad men, engineers—and this is only a part.

But the outstanding fact is that the National Chamber has made of its Board of Directors a Board of Arbitration also. This plan is, I think, unique. Instead of picking a long list of possible arbitrators, chosen for their knowledge along special lines, it has taken a small group of outstanding men of broad vision who are empowered to summon to their aid such expert advice as they may need.

The president of the Chamber is to select the arbitrators to serve in each case. Unless the parties shall agree to submit their controversy to a sole arbitrator, the president will in each case name three. These arbitrators are to proceed under the rules drawn up by the Chamber for the conduct of arbitration and already referred. These rules, together with an explanatory statement and the plan and principles, have been printed in pamphlet form.

In addition the Chamber is to have a permanent Committee on Arbitration made up of seven members which shall further the resort to commercial arbitration by business men and shall assist organizations in the preparation of their arbitration tribunals.

argued that, whatever the merits, the whole proceeding should be dismissed, because the unions as such were made defendants and, being unincorporated, could not be made subject to suit. As is customary when such a point is raised, the court first dealt with questions of this kind. The principle is that if the parties to a suit have no place in court for any reason, the proceeding should stop without the court going into the merits, since under such circumstances a decision on the merits would bind nobody.

The Supreme Court therefore considered the legal situation of unincorporated labor unions of the kind before it, and particularly the defendant unions. It found that most unions carry on extensive financial business, in every way act as business entities distinct from the members, and have committees and officers to which great responsibility is given.

"No organized corporation," the court said, "has greater unity of action, and in none is more power centered in the governing executive bodies." Besides, "the growth and necessities of these great labor organizations have brought affirmative legal recognition of their existence and usefulness and provisions for their protection, which their members have found necessary." On this point the court cites federal and state laws enacted for the benefit of labor unions and combinations.

All Members Liable

AS a matter of substantive law, all the members of the union engaged in a combination doing unlawful injury are liable to suit and recovery, and the only question is whether when they have voluntarily, and for the purpose of acquiring concentrated strength and the faculty of quick unit action and elasticity, created a self-acting body with great funds to accomplish this purpose, they may not be sued as this body, and the funds they have accumulated may not be made to satisfy claims for injuries unlawfully caused in carrying out their united purpose." This question the court decided should be answered in the affirmative, thus clearing the way for consideration, with the result outlined above, whether or not the evidence showed the unions which were defendants in the Coronado case had, in fact, incurred liability by unlawfully acting with respect to interstate commerce.

The decision of the Supreme Court that a union may be sued—i.e., the union as apart from its members—need surprise no one. This has been pretty thoroughly accepted doctrine for a matter of years. A standard textbook, the authors of which have certainly not inclined against unions, says: "It is often contended that labor unions should be made financially responsible for any unlawful conduct of their officers and their agents. Such responsibility unquestionably exists already. . . . Decisions already rendered have made it clear that damages may be recovered from labor unions . . . for any kind of wrongful conduct."

The real dread of the unions has been that the courts would hold that, when the union funds were exhausted, the individual members of the union could be made personally liable for wrongful conduct by an agent of the union, even though the individual members had no personal participation. In the Coronado case the Supreme Court did not so much as refer to that kind of situation.

What the Coronado Case Really Means

An interpretation of this much-discussed decision of the Supreme Court of the United States

MIXED FEELINGS appear to be the order of the day by reason of the Supreme Court's decision of June 5 in the Coronado Coal case. The United Mine Workers, a national organization, was held not to have been shown by the evidence to have been responsible for the damage done in a labor disturbance and made the basis of an action against the union to collect the treble damages provided in the Sherman Act for persons injured by unlawful restraints on interstate commerce. The local union also was declared not to be liable under the federal anti-trust laws, because the evidence did not show the local strike, in the course of which the injury to property was inflicted, was part of a conspiracy to restrain interstate commerce.

Coal mining is not interstate commerce, and the power of Congress does not extend to the regulation of coal mining as such. This is the reasoning of the Supreme Court. Obstruction to coal mining is not a direct obstruction to interstate commerce. From the results of the recent case involving congressional regulation of stockyards it is clear "that if Congress deems certain recurring practices, though not really part of interstate commerce, likely to obstruct, restrain or burden it, it has power to subject them to national supervision and restraint." In the Coronado case there was no federal legislation of this sort.

"Again, it has the power to punish conspiracies in which such practices are a part of the plan to hinder, restrain, or monopolize interstate commerce." But there must be,

in such a conspiracy, the intent to injure, obstruct or restrain interstate commerce, and this intent must appear as an obvious consequence of what is to be done, or be shown by direct evidence or other circumstances. In the Coronado case, the court said, such an intent was not proved, and the evidence indicated the acts done, however lawless in their nature, were part of a local matter.

Both the union and the coal operator, in the court's analysis of the evidence with respect to intent, were described in uncompromising terms. According to the court, the manager had attempted to evade obligations under wage contracts by a "hugger-mugger" of his numerous corporations, and the strike, as conducted by the local union, had a "felonious and murderous ending."

As the case was elaborately argued, the court dealt with the contentions which had been brought before it. Attorneys for the United Mine Workers and the local union



As the Consul Sees Them

By FREDERICK SIMPICH

Of the State Department

THE STORY of many a big Yankee triumph abroad proves that the American can, and does, adapt himself quickly enough to the ways and methods of foreigners when he finds he must to gain his ends.

"If Americans know so little about foreign prejudice and preference, in commercial dealings," says one man I know, who has served Uncle Sam on four continents, "how did we put everything from motor cars to sewing machines, in every land from India to Argentina, if our British and German competitors know so much more than we about how to trade?"

Down in Cartagena, on a hot day, old man Crankshaft dropped into our Consulate to cool off, ease his prickly heat, and talk mining machinery. For thirty years he's rafted it up jungle rivers and toled it over slippery trails on mule back.

"Read a magazine article on the boat coming down," he said. "A sermon by some P. H. Dee who says we'll never make good overseas traders till we learn more foreign languages and methods. . . . Still, when I horned into Honduras in the 90's, all the Spanish I knew was that *manana* meant tomorrow and *pajama* meant tonight. . . . My commissions totaled \$10,000 on that six months' trip. We may not have the trick of congues, but we've some other useful little gifts! Of course I've learned more Spanish since; *blanquillos*, for example, means eggs—or blankets, which is it? Languages are a big help, as the P. H. Dee says. But I find if I've got the goods the Latins want, and they've got the money, we usually trade—somehow!"

"Also I've noticed a lot of old waiters in the U. S. who speak nine tongues but haven't saved enough yet to buy a hot dog stand."

"To use another Spanish word I know—just one more *palabra*, while we're at it," continued the old salesman. "I see we've loaned great gobs abroad in the last few months; a lot of this money, by the loan terms, will be spent in the U. S. A. That means, I think, that the day is about come when we'll knock off doing all the traveling abroad—a lot of European bankers and traders will be visiting us, learning something about our ways and our language. Maybe now we'll get a few more visitors besides those who come in the steerage."

We Travel a Lot

WE Americans ought to know the outside world rather well, even better than it knows us. At our State Department they keep registers showing how Americans are bunched, by hundreds and thousands, in every big trade center on earth. Mexico, alone, before the crash, sheltered over 25,000.

Since January Uncle Sam has issued, even in this lean year, some 112,000 passports; about 35,000 of these went to men bound abroad on business. I doubt if 35,000 foreign business men, barring our neighbors in Canada and Mexico, have come to the United States in any ten years of our history.

Since Mr. Taft signed the eagled parchment that made me consul at Bagdad back in '09, I've watched the behavior of Ameri-

cans in many foreign lands. It has not been my experience that they are helpless, or incompetent, or hopelessly outclassed by foreign competitors. On the contrary, the real American, dropped abroad, usually lands on his feet. He is keen, quick to grasp a new problem, and by nature imbued with that common sense which is so powerful a weapon anywhere on earth. And when you see a man with a Yankee passport acting "rough" in Europe, ten to one he's European born, naturalized over here, and showing off on a trip back to the old country.

Some Yanks may not know foreign "ways" when they leave home, but they learn fast. Out to Bagdad in my time came a game young lad to buy licorice root—that yellow root whose sweet, sticky juice they use to tone up your plug tobacco. He'd heard of Arabs; maybe he'd seen some in pink pants slouching beside a moth-bitten camel in a circus parade. But as for their "ways"—well, the first camp he hit was holding a celebration. These Arabs had just cleaned out another tribe—cleaned them of everything from camels and horses to goat-hair tents and women; and they asked the Yank to sit in!

Now on big days the Arabs roast a sheep whole. That day the Sheik, in a whim of desert courtesy to the fool "Ferenghi" who gave gold for useless roots, put the Yank in the seat of honor; and with his own brown fingers he plucked out and placed in that American's mouth the choicest of all morsels—to an Arab—the roasted eye of the sheep! And then a cup of sour camel milk as a chaser!

Maybe it wasn't written in that Yankee licorice buyer's contract that his duties include such unique gastronomic feats on the open deserts of Arabia. Anyhow, he saw it was the Arab way, so, rather than offend the Sheik, he "took" that eye! And that year his firm got all the licorice root the river Arabs dug from Mossul down to Babylon—in the whole Garden of Eden!

Down in Mexico I know a cow person, a quiet, thoughtful soul from Sioux Falls, whose forefathers were famous fighters in the days of '76. When Villa came romping through Sonora, everybody leaped for the line—and safety. That is, everybody but this patient person who kept kine. He stuck. He even drove out to meet Villa. "I found him lying under a mesquite bush," he told me, "pulling at a tough strip of jerky. . . . The hills around swarmed with his Indian hordes, on stolen horses, every man armed—anything from a corn knife to a shotgun. . . . Villa knew I was only acting as if I wasn't scared, but I played all my chips on my knowledge of Mexican temperament. . . . My coming out there alone tickled him, and we compromised. If I'd skipped with the crowd, his army would probably have swept my ranch of cattle, buildings and all. As it was, I gave him what beef cattle he wanted to feed his men. Then the whole 5,000 marched across my ranch and never even cut a wire!"

They tell of one salesman who went peddling furniture down in Bananaland. After a week in the provincial pueblos—with their

'dobe huts and homemade household goods, he wired back:

"These people don't want our knockdown line—all they need to furnish a house is a string of red peppers and a chromo of a Saint!"

Another, who sold school desks, was a better trader—or luckier. In a certain land contending armies had stopped fighting to celebrate a fiesta day and to make sandals from stolen cowhides. The leader of the *de facto* forces had been a *maestro* and stood for proletarian uplift. He was sobering up from his saint's day devotions—in the weatherbeaten old caboose that served as his private car—when the school supply man breezed in. Now, except for cash, clothes, food, forage, vehicles, horses, guns and ammunition, the "army" was well equipped; and the state was in arrears only eight months in paying its school teachers. Yet the *generalissimo*, fired with zeal to educate the future poets and patriots of his country, paid out practically the last funds in sight for a carload of school desks!

"I didn't talk desks at all," the salesman later confided in the consul. "Just gave him a catalog and told him, through my interpreter, that papers in Europe and America called him the greatest military genius since Alexander. . . . That he made even Napoleon look like a motion picture cop! . . . That there'd be a flock of reporters on the dock when I got back to Frisco. . . . Couldn't he favor me with a photo of himself in uniform, to give the reporters. . . . Yes, I get along easy with most foreigners."

The annals of the Philippines, since the days of '98, bristle with bold yarns of gritty men from Texas—or Iowa—who dived into the jungle to mine gold, or to grow hemp and coconuts, and who rose to wealth and power over wide native areas. Time was when the journals of Hong Kong, for example, chaffed none too kindly at what they termed the wild American experiment in the Philippines—doomed to fail because we knew nothing of native "ways." Ask any fair-minded student of eastern colonial history if Swettenham or Raffles was a better ruler of Malays than Cameron Forbes—if Rajah Brooke knew more of their "ways" than Dean Worcester!

A Change for the Better

WHEN I first saw the China coast, the name "American" was not always a password to its foreign colony society—queer even as it was, in spots. British consuls, in those days, never let the sun set on any British cook who hit the beach—he was deported instant. But there are four generations of British on the China coast; long ago they learned the trade value of prestige. Twenty years ago our interests in Shanghai were not large. But even then a few solid old Yankee firms, backed by the missionaries, were waging a bitter battle to banish the beach combers and fugitives and make the name "American" worthy of respect. Thanks to their vigor and high purpose, they did! Hundreds of American firms are there now; scores of young Yanks have learned Chinese speech and



Told him he was the greatest general since Alexander

methods, and many of China's ablest advisers have been drawn from the cultured classes of America. In this great commercial battle ground of the next generation we have a strong cultural and economic foothold; we probably know as much about Chinese ways as the British, even if they did beat us into the treaty ports.

Here, too, the missionary blazed the way. He first learned the native tongue and induced the young Chinese to come here to school. If you doubt the value of the missionary as a vanguard for Yankee trade, ask Montgomery Ward how many orders they fill for China! With foreign tongues the missionary, also, has his troubles. One in Basra told me the first time he tried to pray in Arabic, he was chagrined to learn that he had addressed the Deity as "My Dear Sir!"

Among American callers at the Sign of the Eagle, the consul now and then discerns a *rara avis*. One I heard of insisted on a passport to heaven. Another, about to be extradited and taken back to California for trial, warned me: "It's your duty as consul to protect all Americans. . . . If you turn me over to that California 'dick,' I'll report you to Washington!"

Occasionally an exile, waiting for the sheriff in his home town to die, will venture timidly before the Consulate, to gaze reflectively up at the flag or coax an American newspaper out of a friendly clerk. One hot afternoon down on the Mexican west coast I heard an uproar in the street. Looking out, I saw a ragged individual halfway up my flagpole. Police and my janitor remonstrated in vain. "Thish my country's flag—'m climbin' up to kiss it—privilege of stranger in strange land to kiss his own flag!" he insisted; then lost his grip, and came sliding down, like a fireman on the brass rod. They led him to the "Hoosgow."

Though our law forbids a consul to act as your agent for pay, his official prestige and wide acquaintance put him in a position of peculiar power among banks and trade associations. Often by tact and sound reasoning he can settle out of court, to the advantage of the American trader, a knotty tangle that might otherwise drag for years and cost a big sum. Not many months ago one such compromise, suggested by a consul, saved a

group of Yankee importers well over a million dollars. Then again our consul in Egypt was able to get, for the Shipping Board, an agreement that half the cotton sent here should come in American bottoms.

Between the Yankee exporter and his native customer, a good consul is always a strong, useful link. Hurst, at Havana, settled dozens of disputes over dishonored drafts and saved snug sums to scores of exporters.

When war cut Belgium off from Boma, the colonial government, hard pressed for supplies, turned to Capetown. "But look here, Monsieur le Gouverneur," argued Consul McBride, "why pay high in Capetown for American goods, which they've had to import themselves, when you can buy cheaper in the States?" Result: American ship chartered and loaded with our wares, for the Congo.

In most foreign colonies, there's usually at least one adventurous, harum-scarum Yank whose pranks add to the gayety of nations, and sometimes call the consul down to the bastille at 2 a. m. to bail the reveller out. One such jester played a practical joke on a Frenchman, whose sense of humor hadn't exactly an American slant, and was challenged to a duel.

The American, who was working for an American company but hadn't lived there long enough to know that the death rate in Levantine duels is about as high as infant mortality in an Old Soldiers' Home, was visibly worried. "I'll fight the Frenchy—sure! But he challenged me, so I choose the weapons. . . . Swords? Nix! I'll just butt him with these calf-heads," and he held up his two enormous fists.

The colony, delighted with this happy break in the monotony of life in the walled Moslem town, talked of nothing else, and the governor heard of it. To avoid scandal, he promptly forbade the fight being held in his district. Then the resourceful seconds, when they figured what it would cost to transport the dueling party across the frontier, hit on an easy solution. An explanation and apology was arranged, on condition that the money that would have otherwise been spent for transportation over the border should be put up by the principals for champagne!

To cut lumber off the high slopes of Formosa, the Japanese once made overtures

through the consuls to export lumbermen of our Pacific Coast. A group of Yanks finally showed up at Tamsui to tackle the job. Up they climbed, up and up, thousands of feet up into the rain-soaked sky of the Tropic of Cancer, sizing up the layout and trying day and night to exchange one intelligible sentence with the so-called "interpreter," a bookish Jap whose high-school "English" functioned not at all when mixed with the piney slang of the lumbermen. Undaunted, the Yanks worked out their plan for a modern logging system—wrote the scheme out in simon-pure Shakespeare talk—such as they teach in Tokyo—and the Japs got it! Today, Yankee mountain engines and lumbering machinery are widely used in Formosa—*sold without saying a word!*

And if you're curious to see just how many different kinds of "Americans" there are, you ought to push off for some of the obscure and lonely nooks where consuls have to go occasionally. Once I poked into such a hidden port, and the "American colony" came aboard the schooner to make me welcome. Not a noisy bevy of beautifully barbered young Yankees, in sharply creased trousers, leading long-legged dogs (vide clothing ads), waving college pennants and shouting Rah Rahs through red megaphones! No; the "colony" consisted of a lean, pith-helmeted vice consul (who was English and bought wool on the side), with him a native clerk looking more lost than Livingstone and with a name that sounded like the back-fire of a Russian sneeze—and both of them flanked by Americans, natural-born, naturalized and denatured. I took the V.C.'s word that all were Americans, in spite of the fact that one of them floundered wildly for English words. "Oui, je suis Yanqui, mais—Ich habe verloren—I mean, I lost it my naturalization papers!" he finally explained. Though a bombastic defender of all things American—in my presence—he hadn't seen the States in twenty years! In that interval, I was told, he'd first posed as a Frenchman, then a German, and then a British subject.

But such hybrids, luckily, are rare. The Americans abroad who really count, back the consul up. Through them, he gets inside information that helps him keep his government posted on developments in foreign lands.

Free Business from Harmful Law

By ALBERT J. BEVERIDGE

EACH PERIOD has its task. That of today is the restoration of business. This can be done well and permanently only by the repeal or basic modification of laws that hamper business.

Even before the war the successful business activities of the most prosperous nations of Europe could not have continued if their business men had been hindered, balked and terrorized as American business men then were; and now are, more than ever before.

Only America's incalculable natural wealth, her comparatively scanty population, her incomparable situation on the globe, together with the spirit, enterprise, and resourcefulness of her business men, made American prosperity possible in spite of the unscientific and business-clogging legislation with which the industrial and commercial energy of the country has been, and still is, shackled.

For more than two decades students of economics and government have seen clearly, and pointed out plainly, the destructive folly of such law-making; but the repeal, or material alteration of these laws was prevented by the selfishness and cowardice of politicians, the audacity and bluffing of demagogues, and the political terror and timidity of business men themselves. The time has come to clean house. This clutter of uneconomic and anti-economic legislation must be cleared away. We cannot have the prosperity we ought to have until this job is done.

For almost a quarter of a century I have publicly declared, in magazine articles, and in many speeches, that the ancient Sherman law should be fundamentally changed; or, better still, repealed altogether, and replaced by some up-to-date and practical business statute, such, for example, as a national incorporation act. This cannot be longer delayed if we wish American business to function with full vigor.

Frequent and capital events demonstrate that such action is indispensable. For instance, the Interstate Commerce Commission finally recommended a certain railway merger—a measure which many observing and thoughtful persons had long seen to be advisable. Yet, under the Sherman law, the courts were forced to declare this sensible consolidation to be illegal.

Again: the Sherman law so burdened foreign trade that a special statute had to be enacted suspending the provisions of that law as to overseas commerce.

Still again: when the government took over the railways, it was found that the Sherman law could not be observed, and it was disregarded.

And yet again: the cooperative measures so vital to the well-being of American farmers are and will be in direct conflict with the Sherman law.

Before our eyes are dozens of present illustrations like these, of the disastrous effects of this legislative dead hand, on the industrial and business activities of the American people.

Equally striking are examples of the evil futility of this absurd law. The so-called "dissolutions" of the Tobacco Trust and the Standard Oil will occur to everybody, the

ONE of the picturesque figures in American political life is Albert Jeremiah Beveridge of Indiana. First chosen for the Senate when he was but thirty-six years old, he was hailed as the "boy orator of the Wabash," but whatever levity there may be in that phrase was not sufficient to keep him from being once reelected.

Returning after a second term to private life he made solid his reputation as a student of law and history by his "Life of John Marshall." Now, after twelve years, he is again a candidate for the Senate. His platform is largely devoted to the needs of business, and what he thinks of that subject he has made plain to business men in his state. They are the views of a man who has been seasoned by study.

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practical effect of which was not in the least beneficial to the public but decidedly advantageous to financial manipulators.

Within the last six years still worse laws have been enacted. The scheme for the confiscation of business capital under the guise of tax legislation, which was hastily improvised in the hectic days soon after we declared war on Germany, frankly violates the first principles of economics. Solely because of patriotic considerations, nobody complained while hostilities lasted; but that this devastating legislation has been tolerated in peace time, proves the patience of the American people—or their mystification.

It must, of course, be done away with, or, at the very least, be elementally modified; and in place of it an equitable, just and simple tax law be enacted, which everybody can understand, nobody can evade, which will permit the revival of industry and the reestablishment of markets. The best measure of that kind thus far proposed is a general sales tax. If a better method exists, let it be advanced. Certainly the war tax devices can no longer be endured.

As a necessary agency of this confiscatory war tax scheme, complex, irritating and sometimes almost incomprehensible reports, returns, and directions are required of and imposed upon business men; and swarms of spies upon business infest the land. Business is treated as if it were essentially criminal, rather than, in its very nature, essentially honest. The unworthy exception is made the rule. It is an actual fact that our American spy system is worse than the Russian spy system under the Czar, because the Russian espionage was political, while ours is economic.

Of course we cannot have healthful and active business while courage and initiative are thus weakened and restrained. Wise and honest supervision has been maldeveloped into suspicious and stupid intimidation. All this must be entirely changed. Free the hands of honest business! Open the doors of honest trade! Lift from the heart of commerce the timidity that now makes its beating weak and spasmodic! Dissolve the clouds of apprehension and un-

certainty which darken and discourage American industrial enterprise! Establish once more the reign of common sense and common honesty!

Still more important, if possible, is the radical alteration or total abolition of the welter of laws, regulations, agreements and haphazard governmental interference, by which railway operation and management has been all but paralyzed. The well-being of the whole country, and of every man, woman, and child in it, imperatively requires that transportation should be ample and inexpensive, rather than inadequate and extravagant. The product of all labor must pay railway charges; and the price of every article is affected by railway rates. Cost of living, scales of wages, profit or loss of farmer, manufacturer and merchant, all depend on this vital economic element; and whatever prevents reasonable railway tariffs and sufficient railway facilities, must be removed.

These are specimens of the work which must be done before American business can go forward with its whole power, and all the people have the good times which are rightfully theirs.

Yet every stroke in the doing of that work will be fiercely resisted by pestiferous demagogues who thrive on public misfortune, by craven politicians who fear to antagonize groups of misguided voters, and by informed and determined radicals who wish to make the existing economic order so unworkable that, in the end, they can destroy it.

The coming conflict will be a supreme test—perhaps the final test—of the good sense and sound instinct of the American people, and their devotion to the fundamentals of American institutions.

But something more than legislation is necessary to the full realization of the blessings God has showered upon this favored land. That thing is the spirit of service—love of one's work for the work's sake—pride in doing one's job well, whatever it is. So long as business men try to make as much money as possible, as quickly as possible, and by any method possible; so long as those who work for wages care only to do as little work as possible, in as short a time as possible, and for as high wages as possible; so long as the idea prevails of giving the least possible effort for the highest possible compensation, just so long will the return of sound economic conditions, and of healthful and enduring individual and social happiness be delayed.

The Golden Rule of personal and national well-being is an honest day's pay for an honest day's work, and an honest day's work for an honest day's pay, together with the ideal of excellence in achievement. No worth-while labor was ever performed, no great invention ever perfected, no large enterprise ever builded, no noble book ever written, no immortal art ever produced, no real advancement of any kind ever made by those who preferred the false and flimsy pleasures that idleness invites, to the rich and solid happiness that earnest endeavor unfailingly yields. The only real and wholesome satisfaction that ever comes to human beings is that of the consciousness of work well done.

The Sad Side of the Tariff

Floods of Tears and Sentiment Flow as the Senate Is Told of the Iniquities of Taxation

TO THOSE who regard the tariff as a dull thing and debates on it as dreary presentations of figure, we urge a more careful reading of the *Congressional Record*. Flowers of oratory bloom on every page. It radiates sentiment and philosophy. The simplest things, buttons and bottles, sand and salt, are themes for eloquence. Listen to Senator Sheppard, of Texas, on suspender buttons and safety pins:

MR. SHEPPARD.—Mr. President, paragraph 349 of the pending bill is now before us, and deals with buttons—buttons of all kinds—simple but essential devices, which do more perhaps to hold civilization together than all the more pretentious agencies of social existence combined. They are in a supreme sense necessities of civilized life and should not be heavily taxed. On a single suspender button may at times rest more responsibility and more possibility than may well be measured.

Buttons are of such universal necessity and use that there can be no excuse for high tariff taxes except on one type—namely, bachelor buttons. Bachelor buttons made abroad ought to have so high an import tax and those made at home so high an internal revenue tax that all bachelors would be compelled to forsake single cussedness or remain in hiding forever. In fact, buttons for bachelors should be made so inaccessible that the bachelor hymn of the Republic would be "Button, button, who's got the button?"

It developed at the hearings that the annual domestic output of buttons is valued at \$25,000,000, while imports in 1920 were valued at \$27,684; in the first nine months of 1921, \$17,765. Asked why, in the face of such conditions, he desired an increase of 200 to 300 per cent in the tariff taxes on buttons, one of the representatives of a great American button factory said at the hearings:

"We are in the class of what's going to happen. We are fearful for the future."

On so flimsy a foundation rests the tremendous advances in the bill before us on one of the necessary items of civilized life.

Rallying 'Round the Safety Pin

MR. PRESIDENT, we now reach one of the superlative iniquities of the Republican tariff bill, an increase of 100 per cent in the tariff tax on the ordinary, common safety pin, the first implement used by human beings as they alight upon this mortal shore, at once the symbol and the guard of infancy, necessary to rich and poor, to humble and to proud, whether palace or hovel house, the newborn glory of a babe. Why, Mr. President, as notice of this characteristic infamy reaches the multitudes of fresh arrivals on the stork express, the cry with which they greet the light of earth and time will deepen into a chorus of denunciation before which the Republican Party will retire in hopeless and disordered flight. More than this, it is proposed in the same paragraph to double the tariff charges, on ordinary, common hairpins, so essential to every American woman, and on ordinary, common pins which the mothers of the land use with their bonnets and their shawls. What fatuity possesses these 7,000,000-majority bloated men? Do they not know that once there was an Aldrich and a Payne who brooked the justice of the Almighty to keep their tariff state in Washington, and will they fail to profit by their fate? Mother's bonnet, auntie's shawl, baby's safety pin laid under tribute to the money barons and the profiteers!

"Angels and ministers of grace, defend us!"

But if the taxed suspender button and

safety pin, those bulwarks of civilization, do not move you, think of taxed salt and sand. Senator Watson, of Georgia, turns on the flow of oratory:

MR. WATSON.—The Republicans have put a tariff tax on sand, which every bricklayer must use, which every plasterer must use, which every builder of a concrete house must use, which every layer of a pavement must use. Every carpenter uses sandpaper; every locomotive carries its sand box; every chimney, pier, pillar, and cement walk calls for sand.

Almost every hearthstone in America, almost every monument, almost every tomb has called for the use of sand, and when the Republicans tax it they do what was never done before in any country on earth. Even the patriotic American chicken must pay a tax on the sand in his gizzard.

And salt! I should like to have somebody tell me what article of food can dispense with salt, from the soup to the walnuts and the wine? The wine having been abolished by our genial friends on the other side, the salt is now confined to the walnuts; but if you are wise you take salt with your pecan nuts, your almond nuts, your hickory nuts, your peanuts, and your walnuts. No fresh meat may be used without salt; no meat can be cured without salt; no fish can be kept without salt.

The herdsman on the plains must have salt for his cattle. The housekeeper on the farm must give old "mooley" her regular allowance of salt. The rich man's pleasure horse must have his salt; the poor man's work horse must have his salt. Salt must be consumed by the very sheep for which the senator from Idaho so much yearns that he wants to put a tax on every blanket, on every wool hat, on every scarf, on every shawl, on the woolen mittens to keep warm the hands of the sick and the aged, and the woolen socks that keep warm the feet of those who have been chilled by the growing years. Yet the sheep have to have salt, and the majority propose to tax salt. Of course, the tax on salt is passed onto the sheep, passed into the wool, and passed into the palace of the rich and the cottage of the poor.

Every table in America has its salt cellar or croet; the rich man's steak and the poor man's crust is seasoned with salt; the butter and the eggs clamor for salt; the roast and the stew, the oyster and crab, the veal and the mutton, the kid and the pork call for salt. The Republican Party has done what has not been heretofore done in America or in Europe since 1789, when the French peasantry, partly because of the intolerable tax on salt, rose in avenging wrath and dethroned the Bourbon King.

But there is more in sand than the Georgia statesman brought out. A tax on sand is a tax on glass, and Senator Heflin, of Alabama, sees another invasion of the household.

MR. HEFLIN.—I was just thinking, Mr. President, about the fellow who buys a bottle in which to have milk delivered to his home for his baby, or several bottles bringing milk for the family. He has to pay a tax under this provision and under all these provisions—sand, unpolished glass, and polished glass. The more glass he buys the greater his tax. I got to thinking of some of the uses to which we put glass. I will mention just one or two, because I do not want to detain the Senate, for you seem to desire to vote on this item. I thought of fruit jars. The housewives of America, when fruit is here in abundance, want to preserve some of it for use in the winter, and they will cook up some of this fruit and will

preserve it by putting it away in glass jars. The other side has made it more difficult for them to do that, because of the tax that they are laying on sand, unpolished glass, and polished glass. When they get ready to serve these luscious and delightful preserves in a glass bowl the tax proposition rises again, and when they go to drink this milk that comes in the glass bottle, from the drinking glass upon the table, here comes this Republican tariff tax upon sand, unpolished glass, and polished glass to stare them in the face with increased prices. You have taxed the windowpanes that let God's light of day into the homes of the people, and when the citizen needs glasses to enable him to read the pages of the Blessed Book you have taxed the spectacles that he must use. Verily, there is no escape from the taxgatherers of the Republican Party.

A Threat Against Our Table Ware

NEITHER salt nor suspender buttons stirs Senator Jones, of New Mexico, as does the dinner plate. He sees the proposed rates on earthenware driving the family spirit from America:

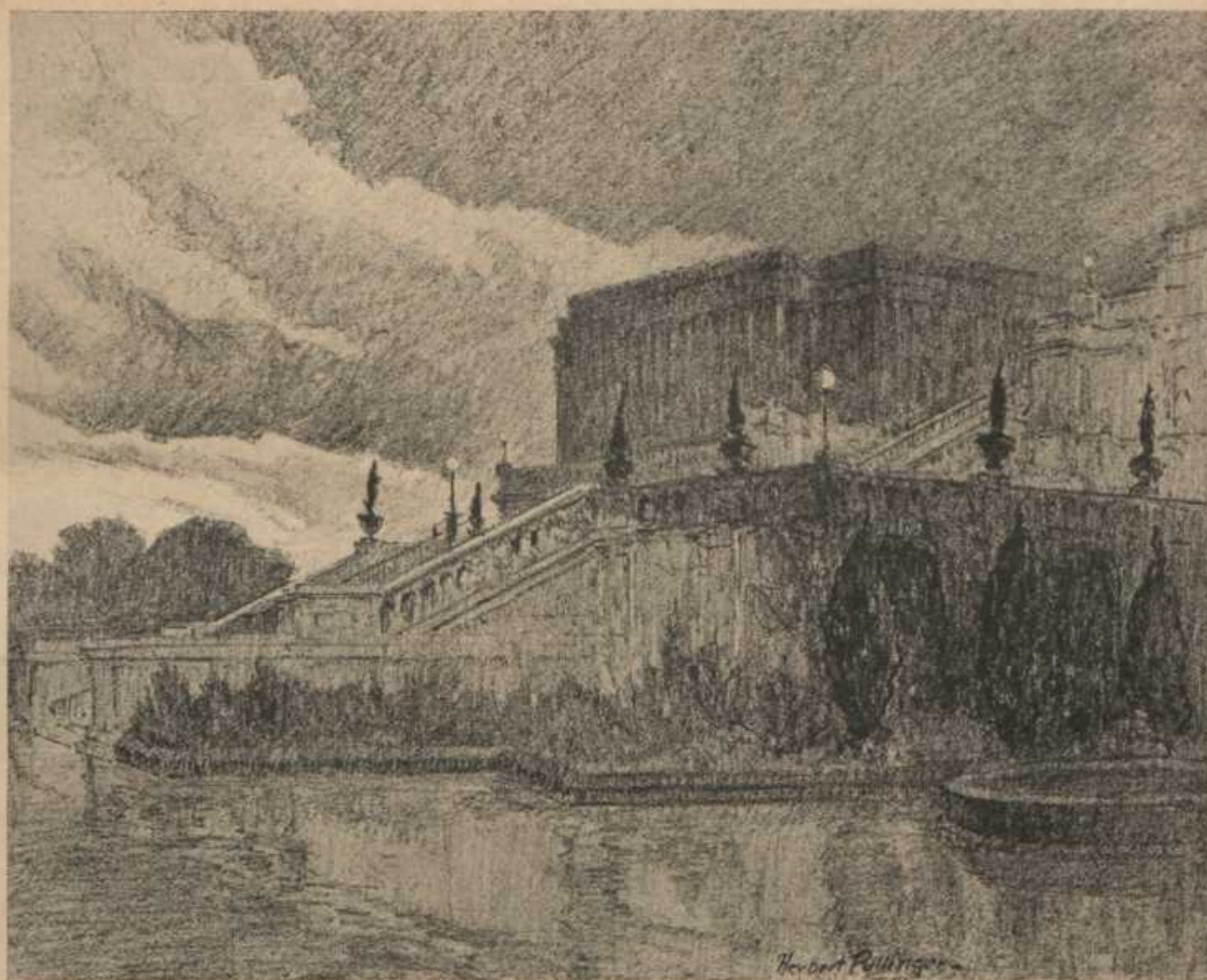
MR. JONES.—Is there a woman in all the land who does not take pride in her tableware? She lives with it. She has selected that ware because of the little clinging vine which is burned into it, the little band of gold, the design, the decoration. She puts it upon her table. That is where the family gathers round. The ware upon that table is the decoration with which the family lives. In many households it takes the place of the flowers found in the center of the table.

Are we going to deprive the housewives of their choice? Are we going to say to them, "You shall not have this decorated ware produced in France or England or Germany, but you have to take this American ware, whether you want it or not. It is true you are willing to pay more for the foreign ware than the domestic ware, but we are going to stop that, and by law we are going to prevent the women of the country from selecting the ware that shall go upon the breakfast table, around which the family assemble and where they gather their friends." By so doing you enter those homes and destroy the spirit which binds the family together.

Words fail us when we consider the iniquity of taxing baseballs, but they do not fail the senator whom we have just quoted. Again he has the floor:

I had already referred to the fact that they had made it very hard indeed for the common man, the average man or woman, to get enough to live on. They are frail and weak, thousands of them, under the reign of the Republican Party. We did have a few boys and girls who were going to school, and it was necessary for them to take these exercises for physical development to make them strong young men and women, and now you have laid a tax upon that sport, and you would stop the physical development of the youth of the country in order to put money into the pockets of these big manufacturers in the East who make this stuff, and who are not satisfied with the profits they make in competition with others but who want to use the taxing power of the people to put money in their pockets and increase their fortunes. That is what you are doing.

Why, think of that! The little boy who works and saves to buy himself a little baseball and a glove so that he can go out barefooted



The terraced approach to the Capitol at Washington

on the grass and throw the ball—every time he whirls that sphere it sings as it goes through the air: "Taxed by the Republican Party!"

But there rises from the other side of the house Senator McCumber who would protect the American beard from the shaveless razor. He knows what sort of razors seek to invade an improperly protected country:

Mr. McCUMBER.—Prior to the war there were being imported into this country an immense quantity of very cheap razors that were made for sale, not for shaving. Here is an example of one of the razors that came into the country and were used mostly by those stores which advertised that for a given number of coupons upon purchases at that particular store there would be presented to the purchaser a razor. It is rather a nice-looking instrument to the view, but it was never intended to shave, and never would shave anything. It is an absolutely worthless thing; and if we could have a high enough duty to exclude it entirely I think it would be a benefit to the American purchaser. It is not even fit for corns. It would not shave anything more than the first attempt. It is made out of Bessemer steel, which is all right to make steel rails, but is absolutely unfit as a steel from which to make razors. It may be that the duties which we propose are somewhat high upon those razors that ought to be excluded entirely.

To Help Fix Depreciation

A PLAN to assist manufacturers in the different lines of industry in determining depreciation for tax purposes has been worked out by the Fabricated Production Department of the Chamber of Commerce of the United States.

The plan provides that—

Within the trade association of a given industry a depreciation committee should be appointed, consisting of from five to seven engineers, cost accountants and plant superintendents selected from the industry.

Such a committee should prepare a questionnaire providing for a listing of the units of utility, the cost of same, estimated scrap value, and years of useful life.

Before sending the questionnaire to manufacturers of a given line, certain preliminary points should be cleared up, such as:

(a) Method of charging maintenance, renewals and depreciations: It will not do merely to average the various estimates of useful life provided by the manufacturers of a certain line, because the methods of charging maintenance, renewals and depreciation may not be the same. Thus, one manufacturer may charge as maintenance all repairs and partial renewals. By this method the laying of a new roof on a building would be charged maintenance. Another manufacturer may

charge to maintenance only such items as tend to keep the property in the same general condition. The laying of a new roof adds to the life of the asset and accordingly would be charged to the depreciation reserve. The first method gives a high maintenance rate and a low depreciation rate. The second method gives a low maintenance rate and a high depreciation rate.

(b) A statement of elements of depreciation: Accompanying the questionnaire should be a statement of the elements entering into depreciation, wear and tear, and obsolescence.

Wear and tear is defined as "that uniform wear-out and decay which repairing is unable to check," and it is dependent upon the amount of use, the amount of care, the quality of the installation and the natural hardships to be overcome.

Obsolescence arises from "an inability to compete in kind, in quality or in cost of desired results with later forms of the same utility." Also there is that change in demand which displaces the whole life of equipment.

It is important that the depreciation committee secure sufficient facts for it to come to a conclusion as to which is the factor, obsolescence or wear and tear, determining the useful life of a given unit of utility. Certain machines are not given the opportunity to wear out, they are replaced so rapidly because of improvements in the art. Clearly obsolescence is here the determining factor.

(c) Determining stated conditions of use: Guide rates of depreciation for an industry presupposes stated conditions of use—the number of days of operation in a year, the number of hours of operation per day, a standard of maintenance, external conditions such as climate and road, etc.

With the normal conditions of use stated, it will be possible to provide for variances thereof upon a scale of percentages. Thus, during the war additional rates of depreciation

were allowed for overtime operation, and when depreciation can be based on an incident of production, capacity, or performance, it may be feasible to scale the rate of depreciation for subnormal production.

Upon a return and digest of questionnaires, schedules should be prepared showing items of utility, cost, scrap value, and useful life. These schedules should be submitted to the manufacturers for criticism. Upon revision a conference should be arranged with the experts

of the United States Treasury Department in order that the depreciation data may be checked by them.

When so checked the rates of depreciation should be promulgated as guide rates for the industry, it being thoroughly understood that such depreciation rates shall be merely suggestive and not mandatory and that in the last analysis each concern must determine the depreciation allowance out of its own individual experiences.

Movies as Trade Makers

By ROBERT E. HUTCHINSON

Circulation Manager, United States Department of Commerce

THE DESIRE to be shown is not confined to Missouri. It is universal.

Particularly is this true with matters of business where one's wealth, goods, happiness, and livelihood are involved. For example, imagine with what celerity a Dominican agriculturalist who has tilled the "sabanas" all his life with a single plow and an ox would reward the efforts of a young Yankee salesman to sell him in night-school Spanish on the ease and rapidity of using a modern tractor with gang plows. The answer would be,

"Show me, Señor," and without a demonstration obviously the sale would be handicapped.

Again in busy foreign trading centers such as Buenos Ayres, where American products meet with strong competition from European, buyers are keen to acquire knowledge of improved commodities and methods of manufacture. Next to a sample of the article itself or a visit to the factory, the best medium of information is pictures, and, better still—motion pictures.

The latest move of the United States Department of Commerce of adopting industrial motion pictures as a means of promoting and maintaining American foreign trade is therefore logical.

The Department of Commerce has a total of more than 1,000 representatives and correspondents abroad, located in practically all the important trading centers of the world. These representatives include commercial attachés, trade commissioners, American consuls and other representatives of the State Department who report on business and industrial conditions in their districts.

The plan is to utilize these extensive facilities of the department in the distribution of educational motion pictures showing the processes and steps of manufacture of the various American products. There is no governmental appropriation for this work, the success of the project resting upon the cooperation of the American manufacturer and business man in meeting the costs of production of films covering his own product.

Any American firm may participate.

Upon indicating to the Department of Commerce that your firm is interested in cooperating in this work, a representative of that department will call at your plant and go over with you the individual details necessary in the production of the picture. In each case the completed film will bear the title something as follows: "The Story of (the name of the product manufactured)" followed by "This picture is produced under the direction of the United States Department of Com-



merce in cooperation with (name of your company)."

Aside from this mention of the name of the cooperating company, no specific advertising captions or scenes designed for advertising purposes will be included. As a matter of general information, completed films will cost approximately \$1.00 a foot for the negative, from which any number of sets of the positive can be made for about 6 cents a foot. It is the aim of the department to confine each subject, as near as practical, to three reels of 1,000 feet each.

Under the direction of M. F. Leopold, who has charge of this work for the department and who for several years has directed the motion-picture activities of the U. S. Bureau of Mines, a number of pictures are being filmed, and two, "The Story of a Watch" and "The Story of an Electric Meter," have already been completed and are ready for distribution. After preliminary arrangements have been made, Mr. Leopold takes charge of directing the picture in con-

junction with the film company which you choose to do the photographing.

After the picture is completed and accepted as fulfilling the requirements of the Department of Commerce, the expense to the cooperating company is ended, except for the making of additional prints as needed for distribution.

According to many manufacturers who have engaged in this kind of work before, distribution has been the most difficult part of the program to fulfill. They have, in many cases, listened to stirring tales of boundless circulation of their films, only to find out later that they have been stored away in some New York warehouse. However, this is not to be construed as indicating that private concerns cannot get circulation. As a matter of fact, several of the large manufacturing companies having representatives in many foreign countries have been distributing their films abroad for some time, and with good results.

All the foreign representatives of the Department of Commerce have been notified of this work and already numerous requests for prints have been received by the department. Films are sent to the department's representatives through the regular government channels.

In view of the rapid spread of motion pictures and apparatus in all parts of the world, interested audiences are becoming rapidly available. Engineering clubs, societies, schools, colleges, theaters, and in fact all places where people gather are being equipped with projecting machines, and American films are in most instances given first choice. A detailed record is kept of all showings of films by means of a card sent with each film which is required to be filled out after each showing, indicating the date, the place of showing, the attendance and comments.

That considerable foreign trade is being attracted to the United States through the showing of American motion pictures abroad is indicated by the report of the American Consulate at Bilbao, Spain, just received by the department, as follows:

Spain is particularly fond of American motion pictures, and in this section of the country over 65 per cent of all films exhibited are produced in the United States and have an American background. By means of these films the United States is becoming well known to the natives of this country, and American habits, standards of life, etc., are impressed on the Spanish mind.

It is the hope of the department that American manufacturers will take advantage of this opportunity to join forces for the upbuilding of a greater foreign trade.

The Drag of the Dead Letter

By HUBERT WORK

Postmaster General of the United States

THE COMPLETE reliance which the average person places in the postal service, when it comes to entrusting a poorly addressed letter to the mails, is astonishing. It would be a compliment to the ingenuity of the postal clerks if it did not invariably result in annoyance, and delay the transmission of mail all along the line.

An examination of even a few hundred "dead letters" affords curious examples of the carelessness of human nature. About 90,000 blank envelopes containing letters or other enclosures are dropped into the mails annually. The number of envelopes bearing only the city and state, without the name of the sender, cannot be estimated, but that the percentage is considerable is shown by the frequency with which the examiners come across them in the daily batch of dead letter mail.

A recent lot of letters examined brought to light an envelope addressed to "Mrs. K—G—, Russia." Another bore the inscription "Send it to Calham, Tenn., R. F. D. No. 1," but failed to give the addressee's name. Still another contained an inscription which even the most expert hierologist could not have translated.

The "window envelope" also was represented. As every business man knows, the effective use of this style of envelope depends upon the proper folding of the enclosure so that the address will appear behind the transparent portion of the face, and yet, due to the carelessness of mailing clerks, hundreds of thousands of pieces of this class of mail reach the dead letter office because the enclosure was improperly folded and inserted.

The postal establishment operates with clock-like regularity. Day and night, without ceasing, it battles with the flood of letters and parcels which constantly flow into its millions of inlets for transmission through the conduits spreading over the country in every direction. A vast army of expert distributors is required to sort this mail and start it along the right channel toward its destination. These distributors must possess something more than a mere manual dexterity for handling immense quantities of letters and parcels. Their eyes must be trained to read handwriting which, to many of us, would be utterly illegible, and they must carry in mind the most direct routes to all points beyond the place of dispatch. Only thus is it possible for them to maintain the high standard necessitated by present-day demands for speed in transmitting mail.

Now anything which retards the orderly progress of a letter through the various channels which it must follow affects many other letters in the same way. True, the delay caused by a single letter may be infinitesimal, but multiply this single letter by millions and we can begin to comprehend the drag which a poorly addressed letter places upon the efficiency of the postal service. It presents a genuine obstruction in the conduit through which other mail must flow, and by causing the distributor to hesitate, even for a moment, it dams the flood of letters which follow in its wake.

The illegibly or incorrectly addressed letter, in fact, is the incubus of the postal service, and it is always with us. Its cost runs into

the millions, and the labor it entails is tremendous. Add to this the untold annoyance which results to the sender and addressee, and one may perhaps understand why the postal officials are constantly adjuring mailers to watch their addresses. All of this expense, labor, annoyance and delay might be banished in a night if we could reform the habit of mind of the people of the country. This, unfortunately, is an impossible task, and consequently it has been necessary for the postal service to organize itself to carry the burden of improperly addressed mail with the least possible friction.

The first requirement of addressed mail is a designation of the state, the next is the city or town, and then follow the street and number, where city delivery service is maintained, and finally the name of the addressee. This is the order in which the various parts of the address are used in the progress of a letter through the mails. The clerk in the post office at the point of mailing who makes the first or primary distribution is in-

terested only in the name of the state, except when the letter is consigned to nearby points; the secondary distributor, who is often a railway postal clerk, is concerned principally with the name of the city or town; and the clerks and carriers in the office of delivery look only at the local address and the name of the person for whom the

Somebody has been careless and the address is wrong. The postman will have to send this piece of mail back to the Dead Letter Office—a process that interferes badly with the orderly work of the department

letter is intended. If any of these factors are missing, the letter requires special treatment.

One of the aids used in effecting delivery in the case of wrong or incomplete address is the directory service which is maintained at all post offices having city delivery. If a letter is addressed simply to "Mr. John Thomas, Philadelphia, Pa.," it is sent to the directory section when it reaches Philadelphia, where an effort is made to supply the street address. This causes delay, especially to letters addressed to large cities, because in such cases railway-mail clerks distribute by stations and carriers as the letter approaches its destination.

The magnitude of the task performed by the directory service is indicated by a recent survey of seventy-five of the largest post offices. At these offices alone it required the work of 585 employees, working eight hours daily, to handle mail requiring this special attention, and the annual cost in salaries was \$1,000,916. The average number of pieces of mail matter given directory service daily was 375,381, and the average cost for each piece of such mail was \$0.087. Using these figures as a basis, it is estimated that the total number of letters given this

special treatment at all post offices during the past fiscal year reached the stupendous total of 200,000,000. The cost of handling them was approximately \$1,740,000.

Because of this directory service, only a comparatively small percentage of improperly addressed mail reaches the dead-letter office. In the survey just mentioned it was discovered that New York City turned over only 27 per cent of such mail, Chicago 13 per cent, and Philadelphia 7 per cent. This percentage, of course, varies from time to time, depending on the character of the mail handled. It is interesting to note that the percentage of incorrectly addressed mail in which proper delivery was affected through the directory service ranged from 15 to 75 per cent at the seventy-five largest post offices.

In the dead-letter office is gathered the flotsam of the mails. It is a veritable Sargasso Sea of lost and strayed letters which are thrown out of the regular channels of travel and drift, there to be salvaged by a corps of experts. The task of saving the cargo is oftentimes rendered more difficult by the idiosyncrasies of a class of mailers who, besides displaying thoughtlessness in addressing their letters, apparently endeavor to conceal their identity by omitting their full names and addresses even on the enclosures. The salvage amounts to more than the labor performed—the cost is on the public.

In addition to the office of the Division of Dead Letters in Washington, branches are maintained at New York, Chicago and



San Francisco. There are eighty-nine employees engaged on this work, and the expense to the Government is \$120,000 annually, which is more than compensated for by the amount of money found in undeliverable letters and the return fee which is charged for handling this class of mail. Each of the branches handles undeliverable first-class matter found in the mails in their respective sections of the country.

The dead-letter office was established in 1825, but no detailed reports of its transactions were kept prior to 1860, although the records show the receipt of 380,000 letters in 1830 and 900,000 in 1837. Compared with the 19,683,259 letters received during the fiscal year ended June 30, 1921, this number is insignificant, but it shows the growth of the postal service in other directions, because, after all, this is only a small percentage of the billions of letters handled in the service during the year.

In examining undelivered merchandise for the year mentioned, it appears that there were received 275,829 articles found loose in the mails and 11,503 money items, aggregating \$2,696.04, which failed of delivery because of insecure wrapping. Valuable enclosures other than personal correspondence, consisting of bonds, drafts, miscellaneous papers, postage stamps, photographs, etc., were found in 927,236 letters, with a nominal value of more than \$7,000,000. The greater part of this may be attributed to the failure of senders properly to prepare the matter for mailing, negligence in addressing it, and omitting to place the sender's return card on the envelope or wrapper.

Millions of pieces of mail each year are not returned to the sender, because upon

opening in the Division of Dead Letters they are found to contain unimportant enclosures, consisting of printed circulars and other advertising matter posted as letters and without the sender's address on the envelope. This class of matter is destroyed because it is not of sufficient importance to warrant its return to the senders.

Parcel-post articles which cannot, after careful examination and treatment, be restored to the owner are disposed of at auction after the articles have been held for six months awaiting reclamation. The proceeds of these sales last year amounted to \$132,652.14.

All told, delivery was effected in the case of 4,713,662 pieces of mail handled by the dead-letter office during the past fiscal year, and 90,732 pieces were filed awaiting reclamation. The fees collected on the 3,659,179 letters returned to senders by the Division of Dead Letters amounted to \$109,775.37 during the last fiscal year, to which should be added as a part of the revenue \$55,521.91 in money found in undeliverable letters or loose in the mails. The senders of these letters, either thoughtlessly or designedly, failed to assist in securing the return of their letters unopened by omitting to place their name and address on the envelope, which would have saved this needless expense.

The only compensation received by the postal service for handling misdirected mail is the return fee of three cents, the amount of money for which no owners can be found, and the proceeds from the sale of undeliverable parcel-post matter. There is no monetary return from the directory service to which reference has been made, and

which, after all, represents the greater portion of labor and expense directly attributable to the carelessness of mailers. But the burden is not alone on the postal service, because the careless mailer expends money for postage and derives no benefit.

In the case of the business man this expense may be considerable and represents a needless drain upon his finances. Frequent correction of mailing lists, perhaps a more systematic arrangement in the mail room, and cooperation with the postmaster will invariably remedy the fault. Negligence in wrapping parcels is a frequent cause of non-delivery and is easily corrected if proper attention is given to it. The universal use of a return address on all mail matter would secure the direct return of undeliverable mail to the sender and would avoid the expense of the collection fee on dead letters. In the case of advertising mail, which is now usually destroyed after its receipt in the Division of Dead Letters, without notification to the sender, the return card not only would secure the return of the mail but would enable the sender to check up his mailing list.

The correction of the evil of improperly addressed mail calls for cooperation with the postmaster, who is always glad to give the benefit of his experience to those who conscientiously desire to secure the utmost benefit from the postal service. The department has endeavored, through bulletins and press notices, to inform the public fully as to the correct way to prepare matter for the mails. The lessons taught by Postal Improvement Week, which was held recently, were illuminating and instructive, and I believe the effect will long survive.

Why Distribution Costs

By IRVING S. PAULL

Secretary of the Joint Commission of Agricultural Inquiry of Congress

OF THE thousands who annually visit Mount Vernon, I wonder how many see in this old plantation home a record of the industry of a century and a half ago. In those days comforts and conveniences, to say nothing of the ordinary essentials to existence, were to a great extent home products.

The old General was a good business man as well as a good soldier. He believed in economic independence as a basis for political independence. This you will see reflected in the several small factories flanking the old mansion.

There is, for instance, a carpenter shop and a spinning house. Sheep grazing on the Washington acres gave assurance that the General would feel confident that the material for his greatcoat and silver-buttoned dress-coat would be all wool.

The wool was produced, sheared, carded, spun, woven and dyed, no doubt, within earshot of the house. There was no problem of transportation from point of production to place of consumption because it was already there.

Not only clothing, but food, shelter and fuel were produced within walking distance from the Washington home. There were many problems of great importance to occupy the attention of Washington and his contemporaries, but economic distribution was not one of them.

If the visitor to Mount Vernon today

should compare the processes between the wool on the sheep's back and the woolen cloth on his own back, he might find that the sheep had grazed on Argentine pastures, the wool woven in Bradford, the suit made in Chicago and sold to him in San Francisco.

What was done for Washington on his own place by a few servants as a matter of daily routine, has now become the commerce and industry of the world. Today the hum of machines has replaced the song of a colored mammy at a spinning wheel. With automatic precision thousands of machines perform the tasks that were the handicraft of the artisans of the new republic.

In Washington's time it was an adventure fraught with hardship and danger to deliver a message to the Pacific coast, and months of travel were involved. Today the delivery of a message around the world is hardly more than a matter of moments. With the modern facilities for eliminating time and distance, people live more in a day than could be lived in a lifetime a century ago.

Progress has brought an ever-increasing complexity of problems and interests. While freeing men from the drudgery of providing the necessities of life with their own hands, it has placed severe responsibilities upon them that they cannot avoid. For the privilege of specializing upon a task of his own liking one is now required to support an intricate economic machine.

As Secretary of the Joint Commission of

Agricultural Inquiry named by Congress to investigate, among other things, the spread between what the producer receives and what the consumer pays, I had an opportunity to observe the viewpoint of the men representing the many activities of agriculture, transportation, manufacture, storing, distribution and finance.

Each man is so engrossed in the detail of his particular business that he seldom sees it in its relation to the industrial system of which it is a part. It is, therefore, difficult for him to view the whole economic situation without prejudice. It was extremely interesting to listen to men as they presented the difficulties confronting them and related how losses had occurred in their business and at the same time suggesting that persons in other lines had unduly profited.

However, it was the purpose of the Commission to secure facts, and by listening to representatives and by securing through original sources fundamental data, it was possible to get the whole story of all of the marketing and distributing industries, in their relation to one another. It was demonstrated that the majority of men are honest and have every desire to deal fairly with all people, but that they do not have sufficient knowledge of the functions performed ahead of and following the particular function they perform, to make the necessary adjustments all along the line.

The Commission recognized the size of

its job when it undertook to analyze the whole problem of marketing and distribution and adopted a policy of inquiry rather than inquisition. Instead of approaching the problem at the source of production and trying to trace commodities through step by step the Commission started at the consumer's end and worked back step by step to the source



of production of the various essential commodities. With the cooperation of representatives of all the intervening industries, it has been possible to develop facts which will serve as a basis for a more efficient system of distribution.

The need of a better appreciation of the problems of distribution is reflected in some of the experiences of members of the committee cooperating with the commission. One of the most significant stories incident to the inquiry is told of a rancher who decided to stage a demonstration of the spread between the live cost of beef and the price of steak in a hotel.

The rancher invited a member of the Commission to dinner at one of the best hotels in Washington, with a plea for a conference. The member was working long hours and eating light but the rancher had an out-of-doors man's appetite and ordered

a thick tenderloin steak. With the serving of the steak came the opportunity for the demonstration. "Look at that," said the rancher, "three dollars for a steak no larger than my hand. That's what I wanted you to see. I want you to know what we are up against. At the price of steers in Chicago I'd have to sell 36 pounds of steer to pay for this steak. Think of it—I want to know what becomes of the rest of that 36 pounds of steer—somewhere along the line somebody is profiteering. Say—"

"Wait a minute, wait a minute!" interrupted the member. "I'm impressed, but maybe not just as you expect me to be. Now, listen; I'm impressed with the fact that I'm sitting on a golden chair. I'm impressed with the fact that I'm rubbing my feet in about an inch and a half of fine carpet, across my lap I have a real linen napkin that will have to be laundered before it can be used again. The table is covered with a linen tablecloth; it is set with crystal glass and good silver plate. Just notice that the tapestries on the walls are fit for a palace, the decorations are in gold leaf, but that is only a detail. Did you notice that this building is situated on about the most valuable corner in the city of Washington? This noted building is one of the finest in the country—"

"Of course, if I've got to pay for all that—," broke in the rancher.

"I'm not through yet," continued the member. "When we entered the hotel a man opened the door for us. We crossed a marble lobby. As we came down the corridor a boy took our hats and coats. A man in evening clothes met us at the door of the dining room and led us to a table. A waiter took our order and another man filled our water glasses, and still another man brought butter and here comes a boy with hot buns in a portable oven and—"

"Hold on," said the rancher, "that's enough."

"But that is only part of the story," said the member, "and as long as you wanted to make this a demonstration I intend to make it complete. You ordered a tenderloin steak. How much of the steer you sell is tenderloin steak? Did you ever raise a steer that would yield a steak such as you have just eaten? When you sell a steer what happens to it? Don't you sell it to someone to finish on corn before it becomes a high-grade beef steer?"

"If you'd put your questions one at a time I'd answer them and—come to think of it—what you are talking about applies to about

everything that people eat, wear and use," remarked the rancher, as he paid his check and handed the waiter an extra tip for good service.

"I begin to see what you folks up at the Capitol are talking about when you say that distribution is made up of services and functions and that price is a composite of all the costs of materials, handling, converting, transporting, storing and serving."

The rancher saw what hundreds of men learned during the inquiry, that unusual service, comfort and convenience adds cost and brings an increasingly large number of people into the activities of distribution.

The public is so accustomed to the conveniences of modern service that it seldom, if ever, recognizes the fact that the most simple purchase contains the romance of industry, commerce, and human progress. Nor is the public prepared to realize that not only must the producer receive proper compensation for the raw materials but that out of the charge for service along the way the men who operate railroad trains, drive



trucks, operate machines, nail boxes, wrap packages, and the men who make deliveries must purchase the finished commodity for their families.

Therefore, the solution of the problem of distribution must be secured through a betterment of methods and an elimination of wastes and uneconomic practices.

Business and Human Beings

By FRED C. KELLY

Author of "Human Nature in Business"

A FRIEND of mine has recently become a sort of stationery engineer—that is, he makes investigations of office stationery requirements and tries to show firms how they may save money by having fewer and cheaper printed forms. He has been astonished at the amount of waste on this one item of office stationery.

Most concerns, he says, buy a needlessly expensive grade of paper for forms that are used only once and then filed away after a week or two, probably never to be looked at again. Departments that never send long letters use full-sized sheets of paper—twice

as large as required. In a department that never sends out bills for more than \$100, the dollar column on the bill heads was wide enough to write seven figures. And the form was invariably printed in two colors—simply because it happened to be printed that way many years ago. Every so often the purchasing agent had ordered, as a matter of routine, "10,000 more of the same." One great executive, when asked how many different forms his company uses, estimated the number at 250. An investigation showed that there were more than 1,100!

Another thing the investigator discovered

was that not one man in fifty who buys printed matter has any idea what printing ought to cost. For six big corporations who arranged to have their printed forms systematized and simplified, the saving was always about the same—nearly half the present annual cost.

"When a man has a silly side to him he will show it sooner or later," an employer once told me, "in the cut of his coat, the color of his neckties, or the shape of his whiskers."

The same employer also remarked: "Be-

ware of hiring, for an important job, a man who wears a too conspicuously large lodge emblem. Either he has never amounted to much and being a member of a lodge is the only thing in which he can feel any pride, or else he expects to gain some advantage for himself from other members of the lodge. The best lodge members are those



who say little about it and treat it just as an incident in their lives rather than as the one big issue."

If I were an employer I should hesitate to fill a place requiring imagination or resourcefulness with a man who habitually wears a derby hat. I doubt if any single item of dress can brand a man more surely than a derby hat. Wouldn't a man of originality or initiative reject a derby as uncomfortable, unhygienic, unnecessary and preposterous? If he accepts a derby when the hat clerk offers it to him, it is because he is inclined to do the conventional thing, the usual thing, no matter how absurd, without enough force of character to assert his rights. I maintain that in a democratic country every honest, freeborn yeoman is entitled not to wear a derby hat.

Many men are writing advertisements who have no special ability in this direction. Like the legal profession, the advertising business seems to attract many who are far below its requirements. It is full of men who have misplaced themselves. This is true, you say, in every business. Yes, but especially so in law and advertising. The reason is that being a lawyer or advertising man looks easier than it really is. Any business which gives those in it the appearance of living by their wits without much effort is bound to attract light-waisted persons who would like to be thought smart and shrewd and have an antipathy to toil.

Too many business men, when confronted

with a new idea, inquire: "Has it ever been successfully tried before?"

That may be playing it safe, but it is not an attitude that makes for progress.

Every one of us has both individual and herd instincts and we are influenced by one or the other of these every time we go shopping. When the clerk shows a prevailing style of hat and says: "We are selling a great many of these," he is trying to sell through the customer's herd instinct—to do what the rest of the crowd is doing. But when he says: "Here's an *exclusive* pattern—the only one in town," he seeks to play on the customer's individualistic impulses—the desire to be unlike or superior to the crowd.

Charles Ferguson says that the banking business is the most unscientific of all. "Suppose," he says, "that the human body were conducted by ordinary banking methods. Whenever the arm needed more blood supply, because it was being exercised, the heart would send blood not to the arm, but to the feet or some other place where not needed. There would be congestion in one place and lack of nourishment in another. This is exactly what happens in banking practice. The fellow who has no money but desires to exercise his producing ability can borrow no money because he has no collateral. But the one who has 10,000 bushels of wheat can borrow enough money on it to enable him to keep that wheat off the market and thus raise prices of food stuff."

When the National Economic Research Bureau completed its investigation of salaries and incomes in the United States, it found that 88 out of every 100 men in this country have an income of less than \$2,000 a year. Those who earn \$10,000 a year are so rare as to be almost supermen—about one-tenth (as I remember the figures) of one per cent.

However, \$2,000 a year isn't so bad if one doesn't live in a large city where he is compelled to pay a big rent for the luxury of living near many other people. In a small place, \$2,000 a year may bring every reasonable comfort. But how many who earn \$10,000 in a great city could earn even \$2,000 in a village? Somehow, it appears that one must come nearer to delivering value in a small place than in a big one. Cities are centers of much useless activities. Think of all the liveried apartment house door men, eyebrow-pluckers and washroom brush boys

in cities—to say nothing of high-salaried publicity agents, assistant vice-presidents and such. What chance would any of these have in a sensible little village or on a farm where everybody engages in actual definite toil?

Not long ago I heard a strawberry dealer walking by my home crying his wares. I



paid no attention to him. A few minutes later another dealer came along, also crying aloud that he had strawberries, and I immediately beckoned to him. Not until some time afterward did I realize why I had bought from the second man rather than the first. It was because he announced strawberries with a jolly rising inflection as if he were enthusiastic about those berries and believed in them. The first man had said strawberries with a falling inflection that was doleful and discouraging, as if he had never cared much about strawberries to begin with and had trouble selling these.

I wonder if the tone of our voices doesn't have more to do with what we accomplish or don't accomplish every day than is generally understood. Long ago the telephone companies recognized the value of a cheery voice by insisting on all operators asking the number with a rising inflection, thus: "Number please."

A bond dealer told me recently of a firm that was about to issue bonds last November at a high rate of interest. "Wait for three months," he advised them, "and you'll be able to get off at a much lower interest rate. Why issue 8 per cent bonds when before long the public will be glad to have them at 6 per cent?"

"To tell you the truth," was the reply, "after our January inventory becomes public, we may not be able to sell the bonds at all."

Since then I have been curious to know the full facts about any bonds issued in November or December.

Europe's New Tariffs

ANY CONSIDERATION of the relation of economic conditions in Europe to American business cannot overlook the traffic problems. The erection of new frontiers and the subdivision and realignment of former economic areas or units have in themselves created a whole series of new tariff problems.

The pronounced tariff policy of European countries in general since the armistice has been a definite revision of duties upwards, frequently accompanied by a restriction of either exports or imports, or both, by government licenses. Even England has abandoned her free trade principles to the extent of putting a duty of 33 1-3 per cent ad valorem on the products of a number of so-called "key industries."

It may also be said that the prevailing

tariffs in Europe are high, and in many cases have been made so for the deliberate purpose of compelling negotiations for concessions and for obtaining reciprocal favors from other countries. In some cases the duties are so high in relation to some products of the United States as to be in effect prohibitory, unless the United States government is able to obtain some abatement by granting reciprocal favors in regard to imports from the countries in question into the United States.

In spite of the extreme chauvinism which would seem to characterize the policies of so many governments in Europe since the armistice, an encouraging ray of light has been thrown on the scene by the recent Portoroze Conference. In the first place, this conference was a genuinely economic one and, as far as present available reports indicate,

politics were conspicuous by their absence from its discussions. The representatives of the seven governments concerned—namely, Yugoslavia, Roumania, Austria, Hungary, Czechoslovakia, Italy and Poland—appear squarely to have faced the facts of the situation resulting from the extreme nationalistic policies of their respective governments. They set themselves firmly to discuss the economic impediments to their mutual commercial recovery.

The results of their conclusions have not been put in actual operation as yet by the seven governments; nevertheless, they appear to stand committed to carry some definite improvements in effect at an early date. The main agreements reached provide for:

1. Active steps toward the removal of the artificial restrictions which had been created

for the regulation of trade, and the promotion of closer commercial relations between the states represented.

2. Efforts to restore normal transport facilities, placing in circulation all railway cars of disputed ownership and facilitating the transit of both goods and persons.

3. Improvement and extension of the postal service and telegraph and telephone communications, especially between the commercial and industrial centers of the seven states.

The representatives signed a convention, which reads as follows:

All ordinary import restrictions are to be abolished from July 1, 1922, and export restrictions at a date later to be established. In the meantime, the issuing of permits for imports and exports is to be simplified as much as possible. The seven signatory countries propose to enter into negotiations by July 1, 1922, at the latest, for the conclusion of commercial treaties on the most-favored-nation basis. It is provided that during the period of transition, no new trade restrictions shall be issued by any state, and the contracting parties further agree not to frustrate the spirit and execution of this agreement by any administrative measure, and specially not to levy customs or other taxes that would have a prohibitive effect upon trade.

It appears to be generally believed by those who have studied the results of the Portoroze Conferences that if its principles and practices could be carried into a more general Economic Conference, a very definite advance would be made in solving the difficulties which still obstruct the restoration of anything like normal conditions in European industry, trade and commerce, and the resumption of the essential pre-war exchanges of products as between the various European countries and between Europe and the countries of the western hemisphere, principally the United States.

The following summary of the policies in effect in the European countries would appear to emphasize the necessity that any new tariff legislation on the part of the United States should carry with it authority for the President to negotiate, by executive action, the adjustments and revisions necessary in a number of instances for the welfare of American foreign trade. Already some of the countries have begun negotiations among themselves for special reciprocal concessions and adjustments. If the United States does not follow suit, the United States may shortly find some markets closed. If new legislation fails to carry with it authority for the President to negotiate freely and directly in order to remove existing tariff obstacles, such markets are likely to remain closed.

Great Britain

THE following passage from a recent publication of the Department of Commerce summarizes the situation in Great Britain since the armistice:

The protectionist movement in Great Britain has been greatly stimulated by the war and the discovery of the close relations between industrial and military preparedness. Even prior to the war there was a certain movement for tariff reform, which in Great Britain means a deviation from the traditional free trade policy, but the emphasis was generally placed on imperial preference and new duties were advocated primarily for the purpose of carrying out the colonial preference policy. As early as 1916 the subject of special encouragement for certain industries on account of their close connection with military preparedness was receiving considerable attention and official statements were made committing the Government to special protection for the dyestuff industry. Later on the list was expanded to cover the

so-called "key" industries, which included the manufacture of optical and chemical glass, the production of which was considered of sufficient importance to justify special consideration, even if it involved a change in the traditional free-trade policy. In the budget of 1915 a duty of 33 1-3 per cent ad valorem was provided for passenger automobiles, watches and clocks, and all musical instruments, and also a specific duty for cinematograph films. This action was based on the desire to discourage the importation of luxuries and nonessential commodities, which was quite necessary on account of the exchange and tonnage situation. These rates

AMERICAN business is watching closely the progress of tariff legislation now before Congress. The tariff policies of Europe have been changed by the war—and in a large measure to our disadvantage. These policies and the final form of the American tariff bill will have much to do in determining the volume of our overseas trade.

The survey of Europe's new tariff policies presented herewith was prepared from official sources. It gives some idea of the obstacles our products must meet in the different countries.

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are still in effect, although the situation, as regards tonnage, at least, has changed radically since 1915. It is safe to state that in the case of automobiles the duty is admittedly protective in character.

The finance act of 1919 contained a provision for preferential reduction on a number of products, such as coffee, tea, sugar, wines, motor cars, musical instruments, clocks and watches, and a few other products in which certain parts of the British Empire have an actual or potential interest. This step was characterized by the British Chancellor as a "small beginning" on the part of Great Britain in meeting the wishes of the British Dominions for preference on the part of the mother country.

The dyestuff (import regulation) act, 1920, which became effective on January 15, 1921, represents an attempt on the part of the British Government to carry out its promise of special protection for the dyestuff industry. The act prohibits the importation of all synthetic organic dyestuffs and intermediates, except under licenses to be issued by a special commission.

Another important measure which went into effect on October 1, 1921, is the "safeguarding of British industries," which provides for the imposition of a duty of 33 1-3 per cent ad valorem on the products of so-called key industries, which include optical glass, laboratory apparatus, scientific instruments, magnetos, arc-lamp carbons, hosiery, latch needles, metallic tungsten and its compounds, and ferro-alloys, and synthetic organic chemicals. The same bill includes also an anti-dumping provision and authorizes the imposition of a duty up to 33 1-3 per cent ad valorem on goods of any kind, other than food or drink or the products of any part of the British Empire, which are sold or offered for sale in the United Kingdom at prices below cost of production or at prices which by reason of the depreciation of the currency of the country of origin, are below the prices at which similar goods can be profitably manufactured in the United Kingdom.

France

THE following passage, also from the Department of Commerce, summarizes the situation in France:

The problem of protecting French industries during the reconstruction period after the withdrawal of the import prohibitions was met by the French Government almost entirely not by a general revision of the tariff, but by repeated increases in existing rates of duty through multiplication by prescribed coefficients. At first, on June 14, 1919, a system of ad valorem surtaxes was prescribed, but soon found unworkable and was replaced by coefficients, which have been changed from time to time. The alleged object of the coefficients is to counteract the effect of the rise in prices on the level of protection.

Since practically all the rates in the French tariff are specific, the rise in prices naturally resulted in a reduction in the ad valorem equivalents of the specific rates. Another object was to make up for the loss of customs revenue resulting from the depreciation of the French currency. While it was claimed originally that the system of coefficients approximated roughly the loss in protection resulting from the rise in prices, there is no doubt that it has also been used for increasing protection above the original level as well as for discouraging the importation of certain goods. The system of coefficients is naturally regarded as a temporary expedient and will undoubtedly be discarded upon the general revision of the tariff. In anticipation of such revision, France has abrogated treaties. During the latter half of 1921, the duties on quite a number of commodities were changed to an ad valorem basis.

Special attention is invited to the complete revision of the chemical schedule by the law of November 7, 1919, resulting in the substitution of a highly specialized schedule for a few ad valorem rates previously applied to practically all chemical products.

The increase in the general rates of duty on a large number of articles by the law of March 29, 1921, was dictated by the desire to counteract the effect of the depreciation of currency in certain exporting countries, particularly Germany. While most imports from the United States into France are dutiable under the general tariff, those increases do not apply to the United States, so that most American products shipped to France now pay what amount to intermediate rates.

Germany

A SUMMARY of German tariff policy before the war is given very clearly in the following quotation from an article by L. Domeratzky, of the Department of Commerce:

The general commercial policy of the leading countries of Europe at the outbreak of the war might be characterized as protectionism tempered with commercial treaties. This statement leaves out of consideration Great Britain, whose influence on the commercial policies of European countries was very slight, owing to her free trade policy and the consequent inability to obtain special tariff concessions. The commercial policy of Germany, on the other hand, set the pace for practically all the other countries of Continental Europe, and the period of tariff revision by Germany and the subsequent negotiation of the chain of commercial treaties, which had come to be recognized as the characteristic feature of the German policy, usually meant a period of disturbance in the tariff policies of Europe.

The Treaty of Versailles did away with the provisions of Germany's commercial treaties. This has resulted in the abolition of the conventional rates which had previously prevailed. Furthermore, with the depreciation of the mark Germany introduced a practice of fixing a surtax for the duties payable in paper marks, which is now seventy times the basic rates.

For purposes of revenue and also to conserve her own stocks, Germany also has introduced a system of taxation and control of

exports. This control is described in the following passage from a recent communication of the Secretary of Commerce:

The export control bodies established in the various lines of trade are vested with large discretionary powers in granting export permits and fixing prices below which goods may not be exported from Germany. The personal reports of recently returned buyers from Germany indicate that this control had, until lately, been quite nominal, and that licenses for export were obtainable quite readily. In view, however, of the recent depreciation of the mark and the rapid rate at which foreign buyers are depleting German stocks, these trade bodies have adopted a more rigid control of export permits and prices, in order to insure that German goods were not being sold abroad at much less than the general world market prices for similar products.

A related measure of control is the requirement, which it is understood has not been entirely enforced, that sales of goods to countries with highly appreciated exchange should be invoiced in the foreign currency, and a large part of the foreign credits established thereby are required to be deposited with the Reichsbank. The purpose of these measures appears to have been twofold: First—to maintain a more stable level of prices for export during a period when the German mark was fluctuating very rapidly; and second—to furnish the German Government with means to pay its national debts, particularly the various reparation payments which have been due from time to time. The latter was particularly necessary because of the requirement by the Allies, as part of the war indemnity, that the German Government turn over quarterly an amount equal to 26 per cent of the total value of the goods exported, to be credited on the reparations account. The only direct government tax to which export shipments from Germany are subject are export duties ranging from 1 to 10 per cent of the value, understood to be for revenue purposes, and payable by the German exporter.

Italy

THE situation as regards Italy is outlined, briefly, in the following quotation from a publication of the Department of Commerce:

Prior to the adoption of the new tariff, effective from July 1, 1921, the changes in the Italian tariff since the armistice were comparatively unimportant. Additional protection was granted to the manufacturers of motor vehicles and tractors, and certain conventional rates were withdrawn as a result of the abrogation of commercial treaties. The depreciation of the lire was met for some time by means of arbitrary surtaxes in the case of payment of duty in paper. On April 1, 1921, the current rate of exchange was adopted as a basis for such payments.

The new tariff which was put into effect by a royal decree on July 1, 1921, differs materially from the tariff previously in force, not only in the rates of duty, which have been considerably raised, but also in its structure. The new schedule is much more specialized and contains twice as many items as the old. The rates of duty are divided into two columns. There are the basic rates, which are to be regarded as the conventional rates, and coefficients of increase, which apply to most rates and vary from 10 to 300 per cent of the basic rate. It is expected that changes in rates will be affected by changing the coefficients rather than the basic rates. It will be noted that this system is similar to the one adopted by France. The rates of duty are expressed in gold lire and are therefore subject to an increase in accordance with the current rates of exchange when paid in paper.

Belgium

BELGIUM has not altogether abandoned her policy in the direction of free trade in view of her dependence upon exports. This is summarized in the following brief passage

from a publication of the Department of Commerce:

While the general tariff policy of Belgium is still in the direction of free trade, there has been a tendency lately toward an upward revision of the tariff, largely for the purpose of counteracting the tariff policies of other countries and also perhaps, to make up for the decline in tariff revenue owing to the depreciation of currency. The Belgian law of June 10, 1920, authorized the Government to increase up to 300 per cent the specific rates of duty for a period of one year. The same law also provided for a change in the basis for ad valorem duty from the cost of the goods in the country of origin (increased by freight, insurance, and commission) to the value (less import duty) at the time of their presentation to the customs. By the law of March 31, 1921, the limit of increase was raised to 600 per cent. The rates of duty on a considerable number of articles have been increased under the above laws.

An emergency tariff act, designed to protect the domestic products from competition of German manufactured goods, was put in effect towards the end of 1921; it provides increases of 100 to 300 per cent on articles assessed by weight, and advances many ad valorem duties to 20 and 40 per cent. A bill has recently been introduced authorizing the extension of these maximum duties also to other countries whose currency has depreciated more than that of Belgium.

Holland

THE Netherlands stands out as one of the few governments which appears to have clung to the principle of tariff for revenue only. As a result, there has been no important revision upward in the tariff duties collectible, nor any new policy of importance.

Norway

THERE has been no important change in tariff policy in Norway since the war.

Sweden

IN JUNE, 1921, Sweden increased by two to three times the duties on luxury goods. This followed a long debate on a larger proposal for temporary protective increase for a large number of industrial products, including textiles, metals, glassware, furniture, motor cars and railway rolling stock.

Denmark

A NEW permanent tariff law is now before the Danish Legislature. In the interim, an emergency tariff is now in effect, applying increased rates on a schedule which covers mainly articles of luxury.

Poland

THE Polish tariff is characterized by what is on the whole a high scale of duty and Polish exports and imports are controlled by licenses.

As an example of the arrangements which European countries appear to be making among themselves under shelter of the generally high tariff wall which they have erected about them, the commercial treaty signed between Poland and France, February 6, 1922, would appear to be an interesting illustration. France is granted "most favored nation" treatment for all her products imported into Poland, and French wines, jewelry, machinery, yarn and textile fabrics obtain reductions from the regular scale of duty, amounting in some cases to 50 per cent.

In return, Polish agricultural products and mineral oil will receive the benefit of the French minimum tariff rates, while forty other specified Polish products will be granted

special intermediate rates. Provision is also made for the admission into Poland of certain luxury goods from France, up to a fixed quota, which from other sources are entirely prohibited from importation.

Czechoslovakia

A NEW tariff is now understood to be in course of preparation for enactment into law in Czechoslovakia.

Until recently, imports and exports of Czechoslovakia were under a rigorous licensing system, which is gradually being relaxed as the necessity for state control appears to lessen. On the other hand, the government has been forced to adopt a system of coefficients, applicable to goods imported from countries whose currency is depreciated below that of Czechoslovakia. This coefficient has been increased from 10 to 15, and where branches of domestic industry have appeared particularly menaced the coefficient has been increased as high as 30. It would appear that the principle followed in the existing tariff was to admit raw materials and necessities either free or at low rates, and to tax competitive merchandise and luxuries at high rates of duty.

Austria

THE general character of tariff regulation in Austria since the armistice has been one of upward revision with graduated duties on things most needed. There has been no severe import control nor restriction of export licenses, although the requirement that duties on goods classed as luxuries be paid in gold (or full current equivalent) constitutes a restriction on their importation, as compared with other goods which pay a fixed paper exchange which does not fully compensate for the depreciation of the Austrian crown.

Austria's position is almost unique and it is questionable whether any existing regulations can be regarded as representing permanent conditions or a settled policy.

Hungary

THE existing customs regulations of Hungary provide for a system, covering a considerable list of commodities, characterized by licenses both for imports and exports. (It is understood that the import licenses are intended rather to protect domestic industries from competition with the products of similar industries in other countries.)

The export of hogs and goose liver has apparently been made a monopoly in the hands of the Hungarian Farmers' Association and the Swine Export Company, under an arrangement which provides that any balance of profits over 2 per cent will be paid into the State Treasury.

Surtaxes of from 12 to 150 times the nominal gold rates have been imposed, varying in amounts with the relatively necessary character of different products.

Roumania

A NEW tariff was put into effect in Roumania in the summer of 1921. The duties payable in paper lei, instead of in gold as under the previous tariff, are increased in general over the old rates from five to ten times and in some cases to twenty times. Both exports and imports are controlled by a rather severe licensing system.

The export duties and restrictions are apparently subject to frequent change since it gives the Ministry of Industry and Commerce complete authority in such matters without reference to the Roumanian Parliament. A

number of articles are at present altogether prohibited from exportation and others under license restrictions.

Greece

GREECE is an exception to the general trend in the countries of southeastern Europe. No radical change has marked the tariff legislation of Greece since the armistice. There is some control of imports and exports, as, for example, on olive oil, but this is understood to be neither rigorous nor extensive. The duties are scaled on a gold basis payable in paper currency at the rates of nearly four paper drachmas for one gold drachma.

Jugoslavia

THE new tariff for Yugoslavia was made effective in the summer of 1921.

The minimum rates for imports (which are also accorded American products) have not been greatly increased over the previous schedule of duties. The maximum rates,

however, in most cases have been doubled and often increased three or four times and in some instances have been made still higher. The notable feature of this tariff appears to be the unusually extensive authority given to the government for limiting or entirely prohibiting exports and for raising, diminishing or cancelling export duties where the economic interest of the country appears to call for such action. Anti-dumping duties are authorized as well as surtaxes on goods from countries with depreciated currencies.

Spain

ALTHOUGH Spain is generally supposed to have profited by the war and to have suffered less from dislocation of its economic fabric than other countries, in Europe, nevertheless, the Spanish tariff is almost an extreme example of a high scale of duties directed partly for the protection of special industries, but more for purposes of bargain-

ing and concessions. There are two schedules of regular duties with the offer of concessions even below the present minimum duties constituting a plain invitation for negotiation and bargain.

The government seems to have in definite contemplation a system of negotiation which will enable them to protect their domestic industries to the best advantage and at the same time obtain the maximum degree of concessions from other countries. Ad valorem duties have been increased in number and the situation may become complicated for goods from distant countries, as the United States, subject to heavier transportation charges, by the fact that they are reported to be based on C. I. F. values. The abolition of the former depreciation surtax on goods from Germany is reported to have created a more difficult competitive situation for products from countries like England and the United States.

Why the Working Man Gets Tired

By AARON HARDY ULM

YOU have "that tired feeling." You need a vacation, a change, rest. Perhaps so. But let's be sure. Roll up the sleeve and hold out your right arm. I strike the fleshy part of the forearm with the edge of a ferule. A red spot appears at the point of contact. I hold in hand a stop watch and time the life of the red spot, comparing its duration with the results of previous tests all of which are recorded on your card.

Looks as if you were all right. Your trouble probably is nothing but—well, scientists never use such a common term as laziness. But if you call it that you won't be far wrong.

But you know better? Your feelings are your own and you know what they mean. All right then, go ahead and take a little rest; it won't do you any harm.

Yet if you have people working for you, it may not be altogether safe or wisely economical to trust their feelings as to fatigue.

Science is teaching us how to measure fatigue, in order to keep on the job the man who is able to do his job, and to keep off the job the man whose physical condition is productive of lowered efficiency and accidents.

More theoretical efficiency stuff? Not at all. Neither does it partake of sentimental uplift. It is a mere matter of dollars and cents—and sense.

Science as a Muscle Saver

FOR instance, there's a manufacturing concern up Connecticut way that has installed a "department of physiology," and it pays.

It is conducted by Dr. A. H. Ryan, who developed the fatigue test. He has long been associated with the industrial hygiene work of the United States Public Health Service, now as an outside consultant. He is evolving for the manufacturing concern a program of muscle conservation that contains features which would make an old-time employer laugh. It is predicated on basic truths that extended experiments, made chiefly by the Public Health Service, have brought to light. The adjustment of detail to those truths includes experiments with music, dancing, Swedish exercises, reading and lectures as immediate accompaniments of work.

For the Public Health Service, together with others in this country and abroad, has found that in the industries of this country there

is a waste of human energy beyond all comparison with that of raw materials, or power.

The waste is due to the traditional belief on the part of employers that a man's a man or a woman is a woman and that work is work, and to letting it go at that.

A man is not a mere man, but an accumulation of strength and energy, like the heat units in coal, that can be reduced to definite analysis. Man power is subjected to more variations and influences than are common to any raw material or mechanical force. It is the costliest ingredient entering into manufacture.

But to conserve it for the benefit of industry isn't the primary purpose in the federal health service's excursions into industrial hygiene. Its sole intent is to promote the public health.

"We are not pro-industry or pro-labor or pro anything else except good health," declared an official of the service to the writer. "We go into manufacturing plants and study processes, from the engineering as well as the medical point of view because whatever measures we propose for the safeguarding of the health of workers in industry must harmonize with profitable operations, for the employer and the employee. It is merely conservation."

Recently a hurried call came to the service for help in checking the increasing number of cases of "acid core," which were interfering with production in a branch of the can-making industry.

In soldering the cans an acid is used. It must be applied with bare hands, for the use of gloves isn't practical. In applying the acid and in handling the cans the fingers of the solderers came in contact with the chemical. The result was that the cuticle on the tips of their fingers was eaten through and small but painful holes bored into the flesh. The lost time caused by those injuries, as well as the slowing up, became significant.

The health service experts could find no practical way of making the mechanics of the operation safer. Then they examined the acid.

"Pretty strong," said one.

"It's the strength we've always used," declared one of the employers.

"Well, let's try a weaker solution," suggested the hygienist. It worked as well as the strong solution.

The upshot is that the particular soldering

operation is just as successful when the strength of the acid is cut in half. "Acid core" was virtually eliminated as a hampering factor in operations, and the consumption of acid was cut 50 per cent.

A similar reduction of health hazard and conservation of materials was brought about in like manner, not long ago, in a branch of the brass industry. The dust from one of the polishing machines was excessive and involved serious danger to health. A health service engineer devised a control apparatus that kept the dust from going into the air, and there was a direct money saving in raw material.

In the work of dust analysis and dust control the industrial hygiene branch of the Public Health Service has done some of its most interesting work.

Illustrative is the case of a certain factory which the service's hygienists surveyed not long ago.

"Our work rooms are nothing like this," said the superintendent, as he conducted them through the dingy, poorly lighted lumber room on the ground floor. Streaks of light from small windows were shooting the atmosphere with holes that seemed like solid dust.

It Looked Dust Free, But—

ON the next floor, well lighted from big windows distributed around the walls, the air seemed as dust free as the deck of a ship in mid-ocean. "See!" exclaimed the superintendent.

"There's nothing more deceptive to the eye than dust," remarked the chief hygienist. Whereupon he opened up a little case and took from it a laboratory apparatus with which he literally sliced a chunk of air from the room's atmosphere. He procured another from the room below.

The particles of dust in each chunk were counted and the room where none was visible contained nearly twice as much floating dust as the room that seemed to be full of it.

They also analyzed the dust, a very important equation; for, in a medical sense, dust is not just dust.

"There can be two or three hundred thousand particles of dust to the cubic foot of breathed air without necessary health hazard, while from seven to ten thousand particles of some metallic dust, lead, for instance, will



You see a machinist lag and drowse at his lathe. It may be just plain laziness—but it is more than likely that it is something more serious. Here is an interesting story of

how industry, backed by Uncle Sam's scientists, is learning to measure fatigue and, in many cases, to eliminate its causes. Your plant may have a problem that they can help you solve.

present a serious health hazard," said one of the hygienists.

The experts of the health service have just completed a survey of the foundry industry, made for the New Jersey Labor Department. The state authorities faced the duty of establishing uniform sanitary and hygienic regulations governing foundry work in that state. When they set out to draw up a code they found the records of employers, labor organizations and local health departments so incomplete as to be worthless.

Employers and employees gave the hygienists of the health service every cooperation in finding facts. Manufacturers permitted skilled men to enter their plants, study sanitary surroundings, and keep accurate records on illness, absenteeism, accidents, and everything they wanted to know. Engineers studied the processes so they might propose practical changes where reasons of health required them.

Frequently employees are suspicious of such undertakings and are inclined to withhold cooperation. In the case in question, as in most cases after the purpose of the survey is made clear, the unions directed that their members grant every request of the hygienists. Thus the workmen volunteered for physical examinations and for fatigue and muscle tests, on the assurance, however, that, as to individuals, all knowledge thus procured would be held confidential. Employers were also assured that plants would not be named or otherwise disclosed in publishing the facts.

Many surprising facts of importance to workmen and managers were reduced to accurate knowledge. For example, several superintendents were astonished to learn that their labor turnover averaged as high as 290 per cent a year.

Labor turnover and the causes therefor con-

stitute a big item in Public Health Service surveys, and as a rule the curve for it declines very largely in proportion to working conditions favorable to good health.

Sometimes they make surveys of the leading industries of entire communities, as was done in the case of Niagara Falls, N. Y., and of the industries in the vicinity of New York harbor. Then surveys of a community's industries with respect to one or more specific problems are made, such as from tuberculosis.

The health service hygienists study also diseases peculiar to particular industries; they are now completing an extensive study of skin disease, widely prevalent in the machine shop industries that use cutting oils. Twenty-five per cent of workmen in some lines, like the making of screws, are susceptible to a painful breaking out on the hands and arms. The health service studies tend to controvert the British contention that the trouble is bacterial; except for secondary infection by germs, our experts hold that it is in the main due to mechanical irritation of the skin.

Virtually the same conclusions have been reached with reference to skin troubles among printers who work with colored, that is, with other than black ink, of which a wide study has been made.

Conserving the Eye

THE Public Health Service makes investigations of that kind only when there is reason to believe that an industry, rather than a single plant, or an entire community may be affected by the results.

A few months ago they were summoned to a big office establishment in Washington where much duplicating work is done in a single machine room. Several girls working therein had developed tuberculosis and it was

feared that the process widely used throughout the country might have had something to do with it.

"Impossible," said the hygienists after investigation. "But you are taking chances with the eyes of your workers. The machines are not properly adjusted to the lighting of the room."

Eye strain is not peculiar to the sedentary occupations. It can contribute hugely to excess of fatigue in many kinds of work that does not of itself tax the optic nerve. A piece of shining metal that reflects light into the eyes of a worker at a machine, even the coloring on the walls of the room, may make a difference of an hour or two in the time at which the worker begins seriously to lag.

Many problems like that were attacked on a most elaborate scale in an investigation, recently reported on in detail, of the eight-hour as compared with the ten-hour day in industry.

Two plants that were equipped with the same kind of machinery, operated by the same kinds of workers and producing similar articles, one on a ten-hour and the other on an eight-hour day schedule, were subjected to a comparative diagnosis that took a year or more to complete.

The inquiry related to output at all hours of the day and on different days of the week; also to accidents, absenteeism, lateness, physical condition of the workers under varying conditions; and every question of economy. The analyses do not lead to uniform conclusions, but, on the whole, they convinced the investigators that the eight-hour day is more economical than the ten-hour day. They conclude also from those and other investigations that short rest periods morning and afternoon are economical.

However, all generalizations of that sort are

subject to reservations as to the work done. Thus monotonous work that strains the eye or only a few muscles might make even an eight-hour day excessive and render hourly rest periods economical. Work that possesses variety, brings many muscles into interchanging play and puts no heavy strain on any faculty, may be fully economical when carried on under a ten-hour day without rest periods.

The most interesting diagrams in the report in question relate to rhythmic work. Where rhythmic movement governs the worker's physical motions, maximum production begins almost at the start and is maintained at a surprisingly even level throughout the day.

The importance of rhythm and its apparent value as a protection to health, as well as economically, led the service to make a special study of that single phase of the hygiene of work, and a report upon it is soon to be issued.

They have found that rhythm doesn't reduce fatigue so much as it masks it; hence it can't be trusted implicitly as a conservator of strength.

The study of such things, in aid to public health and incidentally the economy of industry, is but a small item in the manifold activities of the Public Health Service. Growing out of the Marine Hospital Service, it is one of the oldest of the government's scientific bureaus. It operates many hospitals for the benefit of the merchant marine, for veterans who are yet ill as the result of service in the recent war and for the care of persons suffering from contagious diseases that call for federal regulation. It conducts the quarantine stations that guard the ports against disease invasion, tests all the vaccines and antitoxins offered for sale and makes eternal war on disease carriers.

Its promotion of industrial hygiene, an almost new science, is already yielding immense results. The factory surgeon and hospital, instead of being an oddity, has become a fixture. That branch of industrial management is tending to reach far beyond mere first-aid attention to injured or ill workers. Its possibilities are so vast that it is suggested that

this new science be called "human engineering."

The wide field open to that science is shown by a few figures vouched for by the Public Health Service. Among the 40,000,000 occupied men and women in the United States there are 2,000,000 lost-time accidents a year. More than 750,000 of them cause disabilities of more than four-weeks' duration. The annual loss of life from accidents in industry is about 22,500 a year, with 20,000 others permanently disabled. The total loss due to sickness approximates 276,000,000 working days a year, or what is tantamount to the work of about 1,000,000 persons.

"If we could cut industrial accidents and illness among industrial workers as much as one-third, the saving would amount almost to the addition of one million new workers to the industrial forces of the country," says Bernard J. Newman, consulting hygienist of the Public Health Service. "And a carefully applied system of industrial medicine, hygiene and human engineering would bring about that much or more reduction."

They All Work—and for the State

By ERNEST GREENWOOD

American Correspondent, International Labor Office

IT MAY HAPPEN once in a generation—perhaps not oftener than once in two or three generations—that someone comes forward with a scheme for the application of a seemingly unsound principle of political economics which accomplishes so much in the way of constructive results that everyone is astonished. This seems to be the case of the so-called Compulsory Labor Law of Bulgaria, devised and sold to the Bulgarian Parliament by the Prime Minister, M. Stamboliisky. Incidentally, it is a good demonstration of the thesis adhered to by some people, that prime ministers are capable of devising constructive legislation.

Heretofore "compulsory labor for all" has been looked upon as one of the corner stones of that strange political philosophy known as communism. The popular idea of it is that it is some sort of device with which the proletariat propose to get "square" with the bourgeoisie by making the hated capitalistic class do actual manual labor. Applied in the United States one has visions of the president of a bank scrubbing his own front steps, or of a steel manufacturer taking his turn at tapping one of his own cupolas.

But Stamboliisky had a brand-new idea of personal service to the state without compensation, which, for want of a better name, he called "compulsory labor." Like many brand-new ideas it did not have a friend in his own country or in any other country when he first proposed it. It was attacked especially on the ground that it was reactionary, retrograde and Philistine; that it sought to revive in a new form the old Turkish forced labor and that it aimed at exploiting the work of the young without compensation. It is interesting to note that the act not only provoked the strongest opposition on the part of the Bulgarian party (the former party in power), but also on the part of both the Socialist and Communist parties. The experience of Bulgaria with the act, however, during the past two years seems to prove his case.

M. Stamboliisky, the Prime Minister of Bulgaria, is the leader of the Agrarian party,

which he founded about twenty years ago. This is the party of the peasants and small farmers. For many years he had given deep consideration to the scheme embodied in the present law. The situation in Bulgaria immediately after the war gave him an opportunity to introduce this revolutionary measure. Let us turn for a moment to his speech on the new law delivered in November, 1919. In this speech he stated that the following principles formed the foundation of the act:

The increase of production and the hastening of the economic reconstruction of the country; the provision of modern physical and intellectual education for young men and women; the encouragement among the Bulgarian people of an interest in the welfare of the country and the development of a spirit of cooperation and mutual help; the creation of a new source of profit for the state.

Simple enough. I defy anyone to find fault with any legislation which will make such a program effective. The whole world is talking about increased production and economic reconstruction. One may say it has become a cult. It causes nearly as much useless discussion as the Volstead Act. We have a national organization, headed by prominent men and women, which is devoting its time to advancing the idea of physical education, while most folks believe in intellectual education. There is nothing alarming about the idea of promoting the interest of a citizenship in the welfare of a country, or in cooperation. And surely new schemes of revenue for the state should have a special appeal for us at this time. I am sure they have the sympathy and support of Secretary Mellon and General Dawes.

Let us see how the law works. In the first place the act prescribes the duty of giving personal service to the state without payment for limited periods (a total of twelve months for men and six months for women). The Bulgarian citizens of all classes (boys who have attained the age of 20 years and girls who have attained 16 years) are liable for this service, with the

exception of Mohammedan girls. At the present time no less than 700,000 persons come within the scope of the act. Like military service it has its exemptions, postponements and reductions of service in cases almost identical with those which are provided for by most of the military service laws of Europe, and the disciplinary measures are also very similar.

During the period of compulsory service the young men live together in special buildings, while the young women continue to live with their families. In the case of women the state proposes to send into each village teachers of good families to instruct peasant women in various handicrafts. Young people who are liable to compulsory labor attend technical and vocational schools for a definite period, this time being credited to the service required of them. In these schools they receive the necessary training before they are employed on actual productive work.

A brief comparison of this law with the celebrated bolshevik measure is interesting as showing that the two laws have nothing in common but the name. The basic principle of the Compulsory Labor Law of the Russian Socialist Soviet Republic is: "Human labor is the property of the state." The Russian constitution itself, adopted at the Fifth National Congress of Soviets in July, 1918, says: "In order to annihilate the parasitic classes of society universal compulsory labor is decreed." Lenin in his pamphlet, "Soviets at Work," written after the Brest-Litovsk Treaty, said:

The delay in introducing compulsory labor is another proof that the most urgent problem is precisely the preparatory organization work which on one hand should definitely secure our gains and which on the other hand is necessary to prepare the campaign to surround capital and to compel its surrender.

The one and sole idea of the Soviet régime was "to surround capital" and "compel its surrender," first by the nationalization of property and then sentencing the former owners of that property to hard labor.

Bulgaria has now had two years of experience with the practical administration of its Compulsory Law. How has it worked?

In the Bulgarian press of December, 1921, we find that 18,040 persons in the city of Sofia were called up by the municipality for ten days' work during the year. These citizens worked in the building department, in the water department, in the public health work, at the public markets, for cooperative societies, in automobile plants, in dye works, on the state railways, in the fire department, theaters, banks, Red Cross, plant nurseries, and in various other activities. The total value of the work done amounted to 5,500,000 leva, an average of about 300 leva per person.

The leva in normal times has the same value as the French franc—19.3 cents. If exchange were normal the value of this production would be a trifle more than \$1,000,000, or about \$55 per person in the city of Sofia. Disregarding the present rate of exchange and considering the value of the leva in commodities within the borders of Bulgaria, it is safe to assume that the citizens of Sofia did at least \$250,000 worth of work in the ten days required of them by the state in 1921.

All classes of society were called upon. The pupils of the seminary were employed on work on the park in the college and in draining ponds. At Burgularie several villages united to construct a canal to drain a pond. At Bela Tserkva an aqueduct was constructed, while at Atropole four bridges were built. In another district all the

streets were paved and an aqueduct repaired. In the Trayan district 20,000 fir trees, and in the Kustindil district 17,000 shrubs, were planted.

Details of work done by pupils in the various Bulgarian schools are interesting. One group of boys did a large amount of excavation work in the church of St. George at Sofia, and in the Lozebiz, where they found various objects of antiquity. Pupils of girls' high schools cleaned the floors and windows in the schoolrooms, while others bound books in the school library. Another school, which was in bad condition, was cleaned by the pupils and a square in front of a military hospital repaved. In some of the provinces pupils were employed in cleaning and putting in order archaeological objects and generally did a great deal of excavation work.

The Bulgarian law does not impose the obligation to work as a moral or legal duty, nor does it attempt to reorganize production on a communist basis. Each remains free to direct his work toward the craft which suits him best. In reality, in spite of the educational principle which is the inspiration of the law, it is a provision for the personal payment of a tax in labor for the benefit of the state. This compulsion is a tax even though it is not directed towards the defenses of the state. The best proof of this is that compulsory labor is imposed only on Bulgarian subjects and that change of nationality and emigration are not allowed until after the duty is performed.

The workings of the Bulgarian law on com-

pulsory labor have aroused much interest throughout Europe. The Russian law of similar name gave rise to endless discussions, and when it was known that Bulgaria was also going to introduce a law on compulsory labor the question was asked how a capitalistic country was going to apply this principle. As I have stated above, the two laws have nothing in common except the name. Owing to the large number of inquiries which have been received by the Bulgarian Government, the International Labor Office, at Geneva, Switzerland, has been requested to send a special delegate to make a thorough examination of, and present a detailed report on, the workings of the law, which has now been in operation for about two years. This delegate is M. Max Lazard, Secretary of the French Association for Combating Unemployment.

M. Lazard is well known among official and diplomatic circles in Washington, having represented the French Government at the First International Labor Conference held here in 1919. He is a trained observer and an experienced investigator, and with the special facilities which have been provided for him by the Bulgarian Government, his report will be awaited with interest by government officials throughout the world.

Author's Note: Since the preparation of this article press dispatches have stated that Stambolisky is advocating the arrest and punishment of girls who refuse to obey the new law. In Barna and Sofia only about 100 girls between 14 and 20, among the daughters of bourgeois citizens, have thus far complied, and they are doing sewing, typing and hospital work.

Begging as a Business

By JED MORROW

A SHABBILY dressed man came into my store one afternoon.

"Mister, I'm in trouble," he began to tell me; "look here," and he handed me a telegram:

CHILTON 101PM MAY 1, 1920.
FRANK CRANDALE
HOLD WILL CALL CENTERTOWN
YOUR BABY DEAD AND BURIED
YOUR WIFE AT POINT OF DEATH GO
HOME AT ONCE.
L B SANDERS 106PM

Immediately my sympathies went out to the poor fellow. "Where is your home?" I asked him.

"At Tabord, thirteen miles south of town." Tabord is five or six hundred miles from Centertown. The expenses were more than I cared to bear alone, therefore, I called the Secretary of our Chamber of Commerce over the telephone and asked him to come to my office. I showed him the telegram and handed him \$8, with the suggestion that he see some of the other business men and get enough money to send Crandale to his stricken wife.

The secretary turned upon Crandale. "This telegram does not carry any delivery address. It reads: 'HOLD WILL CALL.' How did you know to call for it?"

Crandale did not answer.

"How did you know to call at the telegraph office when you did?" the secretary went on. "This message was received at 1.06 p. m. today; it is only 3.32 now. You

must have called for it very soon after it arrived. Furthermore, it was filed at Chilton. That's only five miles from here. Yet you say you live at Tabord, which is at least five hundred miles away. Why didn't they wire you from Tabord instead of from Chilton?"

By this time Crandale had thought of an answer. "Sanders is my brother-in-law," he explained; "he lives at Chilton. My folks didn't know where I was, so they telegraphed him. He knew I was in Centertown, so he telegraphed me here. I sure will appreciate whatever you can do for me."

"But how did you know to call for this message within an hour after Sanders sent it?" the secretary countered.

"I was expectin' it," Crandale replied in a lame way.

"Expecting it, eh? If you were expecting bad news from home why didn't you keep them in touch with you? It looks to me as if you should have written home, especially since your wife and baby were sick."

"It's not a baby," Crandale floundered; "she is a girl fourteen years old. We call her 'Baby'; that's her pet name. She and her ma have both been down two months with slow fever."

The secretary suddenly changed his tack. "Where did you say you live?"

"Fifteen miles east of Tabord."

"Fifteen miles east!" I repeated; "you told me thirteen miles south."

I called the secretary to one side and told him to hold my money until he could wire to Tabord. The Secretary wired to the health officer at Tabord, knowing that that officer would have a record of typhoid fever cases

in his county. He was right. The officer wired this reply:

"Crandale family not known here. No deaths from typhoid fever in this County in four months."

But Crandale did not wait for the result of this investigation. We learned later that he took the first train out.

This was the beginning of an organized warfare which we made through our Chamber of Commerce on professional beggars, solicitors for alleged charitable institutions and other grafters. Up to that time we were cursed with from two to eight professional beggars daily, who called in person at every store and office; they made a door-to-door canvass of our entire business district.

Not only did we have beggars who asked alms for themselves, but we also had one or more solicitors in town every day carrying a subscription list for some private orphanage, rescue home, maternity hospital or mission.

The Crandale story was given to the newspapers and the editors gave it prominence. Two or three business men asked our Chamber of Commerce to see if means could be found to protect us. The directors sent out a notice to every member of the Chamber, offering to investigate all calls for charity and suggested that every person who asked for a donation of money should be directed to the Chamber of Commerce. Worthy persons would get whatever aid they needed out of the treasury of the Chamber of Commerce. With this last provision in effect our consciences no longer spurred us to donate, so we quit. We began to turn down all beggars and solicitors with a clear conscience, and we

referred them all to the Chamber of Commerce. That organization founded a welfare board, but very few persons ever applied for help. When the grafters learned that they must submit to an investigation before they could get money, the most of them caught the first train out. The newspapers helped to carry on this drive by frequent stories.

There is an underground system whereby beggars warn one another about towns which are bad for them, and the number of beggars and solicitors who came to Centertown steadily decreased.

Whenever one came to our store asking a donation, we told him to go to the welfare board. Each one was investigated; the unworthy many were exposed in the newspapers; the worthy few were aided. The story of this aid was also given to the newspapers, thereby showing the business men that the Chamber was making good its promise to take care of needy cases. A total of \$178 was appropriated in six months, whereas, beggars used to take out of our town at least \$100 daily. Carefully checked estimates by ninety-two of our representative business men show that our drive against beggars and solicitors has effected us a saving of \$2,500 a month since we started eight months ago.

That we were saving this amount, was brought home to us a few days ago, when we learned the tricks of the beggars' trade. Getting off a train, a professional beggar began work at the first door, that of the office of a factory.

"The Chamber of Commerce has a fund to take care of your needs," the factory manager told this beggar; "go up there; they'll look after you." Then he directed the man to the office of the welfare board.

When he got there, he told the secretary that he had been sent there for aid by the factory manager.

"Where is your home?" the secretary began.

"Denver."

"Denver?" the secretary repeated; "that is a thousand miles or more from Centertown. Why do you come so far for help? Why don't you ask aid from your own home town?"

"Brother, I'm on my way to Hot Springs, Arkansas, to take hot baths, and my money has given out," the beggar whined.

"Now look here," the secretary broke in; "I'm going to make you a proposition: If you'll answer some questions you will be one man I'll let leave town without turning over to the police."

This was an empty threat, for no beggar has been jailed for begging in our town; but it worked. Evidently this beggar did not care to run any risks with our police judge for he agreed to answer the secretary's questions.

"How much do you make?"

"All the ways from \$25 to \$150 a day; about \$40 or \$50."

"Forty or fifty dollars in one day!" the secretary exclaimed. "How do you do it?"

"Well, you see, in a town of this size (about 6,000) there is about 150 business houses. We go into a store and ask a man for help. The other people in the store see us ask him, so he's ashamed not to give us something. Then we go to the rest of them and they are 'shamed not to give, too. We get from a dime to a dollar from nearly everybody—lots of times from five to six

tutions. There are many able-bodied people, both men and women, who do not like to work; but, being able-bodied, they cannot succeed as professional beggars.

There are many worthy institutions, however, particularly those owned by large and long-established religious bodies. Support for these institutions is provided through regular channels by their members. Once in a while we were asked to donate to a private institution, which, upon being investigated, proved worthy. Obviously, the welfare board of our Chamber of Commerce could not appropriate money for every worthy institution which asked for a donation.

Our fight on donation seekers was only half won. We had rid our town of professional beggars, but we were still annoyed by solicitors for charitable institutions. Our Chamber of Commerce requested us to send all these solicitors to it. Announcement was widely published that the secretary would investigate each institution and give a letter to each one which proved worthy. Several such letters were granted, but many more were refused.

This practice of granting letters, however, permitted a new evil: Solicitors who received letters assumed the attitude that these letters gave them the right to compel a business man to contribute. If you declined to donate, they insulted you.

There came to my store one day a woman representing a maternity hospital and rescue home. She showed me some photographs of orphaned children and of girls with babies.

"These are fatherless little creatures," she pointed out, adding that "they are dependent for support on the liberality of you generous Christian men. The tender spirit of Christ bids you help these forlorn little waifs."

These same pictures had been shown to me a few days previously by a solicitor of an entirely different home. The views were identical; the prints were made from the same plates.

Other business men of our town had similar experiences. We resented them. This resentment crystallized itself in a joint meeting of officers of all the charitable organizations in town. Represented at this meeting were the local chapter of the Red Cross, the advisory board of the Salvation Army, the United Charities, the churches, the lodges, the county judge and the welfare board of our Chamber of Commerce. We discovered an astonishing fact—that the combined annual charity budgets of these several organizations were more than twice as much as would likely be needed to provide for all our local charity cases.

Why do more? The source of all these organizations' incomes was one and the same: the business men of Centertown. Therefore, our Chamber of Commerce decided to issue no more letters to charitable institutions. Approval of this decision was universal among us business men. Immediately there was a falling off in the number of solicitors who made our town until now one is a rarity.



"Other people in the store see us ask him, so he's ashamed not to give something"

dollars or one place. It don't take but a few minutes to work a store. In a day's time we can work every store and office in this town."

"Do you get something at every place?"

"No; we git turned down about one out of four places, but if we only got twenty-five cents apiece from a hundred stores that would make \$25. The highest I ever got in one day was \$162.58; the lowest was \$9.26."

"What do you do with this money?"

"We salt it down. I've got four farms, six houses in towns and \$8,000 worth of German marks I'm waiting to go up and make me rich."

The secretary dismissed this beggar. Then he called in the newspaper reporters and gave them the story. They played it up so well that it practically made it impossible for a beggar to do anything in Centertown. The underground system has spread the word that our town is bad for the graft.

We have gradually educated our business men to refer all solicitors to the Chamber of Commerce. Thus, we have built up for Centertown a reputation for being a barren field for grafters. Our efforts have been directed not only against professional beggars, who make a business of traveling from town to town, but also against solicitors for so-called charity institutions—private orphanages, rescue homes, maternity hospitals, etc.

Investigation of one private orphanage on the part of our Chamber of Commerce brought out two astonishing facts: This home houses twenty-nine orphans; it has twenty solicitors. These solicitors travel from town to town working on commission. If anything is left, the orphans get it, but the solicitors keep out their commission and expenses first.

There is, in this country, a well-developed craft—or it can be spelled with a "g"—that of the solicitor for alleged charitable insti-



The Cut in Freight Rates

THE order of the Interstate Commerce Commission that railroad freight rates be cut 10 per cent, new rates to take effect July 1, has been widely hailed as a step for better general business. Some doubters might be tempted to say that business was already reviving without this stimulus, that it isn't always wise to use a whip on a horse that's already begun to trot. Perhaps time alone can give the answer to what effect the ruling will have on general business.

Equally its net result on the railroads depends somewhat on its effect on business. Will there be enough new freight to haul to swallow a part of the loss? In the roundest of round numbers the country has been paying \$4,000,000,000 a year for freight bills and now it will spend \$400,000,000 less than it would have when rates were at the peak.

On the heels of the Commission's rate ruling came two decisions of the Railway Labor Board, one cutting the pay of the maintenance of way men, the other of shop employees. Estimates are that these reductions and one in the pay of railroad clerks not made public at this writing will save the railroads \$150,000,000 a year. These do not offset the reductions in rates and there is another factor which must be borne in mind in any balancing of the railroad's profit and loss on the transactions. The railroads are in need of shop work and maintenance of way work and wage reductions in those lines will probably lead to the employment of more men so that the railroads will spend as much for these services though they get more for their money.

The railroads have already made some of the reductions included in the general 10 per cent cut, but the new order means, if freight continues its present volume, a lessening of \$225,000,000 a year, and that is not met by the reductions in wages. Rates and pay are coming down but not quite hand in hand.

Limiting Control by Taxation

FUTURES are a source of trouble for legislators, and the month of August would seem to have a certain legislative fatality about it. In August, 1914, Congress undertook to regulate future trading in cotton, using the taxing power heavily upon all transactions which did not conform to a set of regulations. When that enactment got into the courts, it was speedily ascertained that in the haste to accomplish the legislation the Senate had overlooked the portion of the Constitution which declares that taxing measures are to originate in the House. By 1916 the lack of formality had been remedied, through the House beginning by passing the measure anew, and the Senate following after in its proper order. Thus it happens the United States Cotton Futures Act is still upon the statute books.

In August, 1921, Congress completed rather extended efforts on legislation to deal with future trading on grain exchanges, and the President approved "The Future Trading Act," which again rested upon the taxing power to compel transactions only in accordance with the regulations which were prescribed. On May 15, 1922, the Supreme Court declared that Congress had placed upon the taxing power more of a load than it could carry. The tax the court thought was a screen, as regulation was the thing at which Congress aimed, even stating this purpose in the title of the bill. Only two parts of the measure seemed to survive the judicial analysis—the portion telling the Secretary of Agriculture he might investigate and the short section which taxes out of existence "puts and calls" and similar forms of trading in mere privileges.

This decision and the accompanying decision reaching a sim-

ilar conclusion with respect to regulation of the employment of child labor through a tax have importance. Heretofore, there have been no decisions setting limits to the use of the taxing power of the federal government. It was established that the power might be used to prohibit. The measures which were upset in May were constructed on the theory that such a power might be used to regulate matters which otherwise were not within the power of the federal government. To that sort of thing the Supreme Court called a halt.

At the same time, the Supreme Court in the grain-exchange case pointed out that in the stockyards case of May 1, outlined in the last number of *THE NATION'S BUSINESS*, it had upheld the use of the power of Congress over interstate commerce to sustain regulatory legislation. The authors of the law which had come to grief at once set about copying the idea in the Packers and Stockyards Act, August, 1921, substituting good big criminal penalties for taxes, and reintroduced their rehabilitated bill.

Incidentally, they added an innovation by declaring transactions in grain involving sales for future delivery to be affected with a national public interest, came pretty near to letting the Secretary of Agriculture modify contracts used on exchanges as he might like, and threatened the press associations with a year in jail and a fine of \$10,000 if they carelessly let their market reports or crop reports become inaccurate!

Whether or not there is to be another August statute, with usual August results, on the subject of regulation of exchanges remains to be seen.

No More Cheap Foreign Travel

CHEAP FOREIGN TRAVEL as a result of the condition of exchange shows a tendency to disappear, for balancing budgets involves taxation, and the tourist is not forgotten. From Italy comes advice that American tourists can probably strike a safe balance among the factors of exchange, taxes, and the like by expecting their expenses to run, in dollars, at twice the amount they would have been in 1913. This formula the seasoned traveler can apply, but how the man who goes abroad for his first experience is to make his computation has not been suggested.

What Baseball Isn't Legally

BASEBALL, whether of the sand-lot variety or of the organized sort, does not have the distinction of being interstate commerce and having a chance to get its name associated with the Sherman law. This is the decision of the United States Supreme Court. The culminating event of each season, the world series, is merely a "public exhibition for money," in the eyes of the law, and although the whole population of the country may become so engrossed to the exclusion of other interests of life that the contest comes pretty close to causing a national holiday, the event is only local, and any amount of passing to and fro over state lines by participants and spectators fails to bring into play the anti-trust laws of the United States.

This means incidentally that the Federal Trade Commission will never be able to reverse the umpire; for, regardless of the resentments the umpire may cause in distant states, he is not engaged in commerce between the states.

In fact, the Supreme Court was unwilling to look upon baseball as commerce or trade. It may be something higher. On that point the court does not vouchsafe information. It merely asserts that "personal effort unrelated to production" is not a subject of commerce, and proceeds to use a Chautauqua lecture



bureau as an illustration. The circumstance that such a bureau sends out lecturers, who travel across state lines, does not cause them to engage in interstate commerce.

The case before the court arose out of the organization of the former Federal League. The Baltimore club was the last member to remain with the Federal League. It sued the National and American Leagues for treble damages under the Sherman Act, and in the lower court was awarded \$240,000, on the ground that the other leagues had violated the anti-trust laws in inducing other members to leave the Federal League, etc. On May 29 the Supreme Court held that, however wrongful the action of the older leagues may have been, the wrong was not done under a federal statute.

Protection From Spurious Cooperatives

SPURIOUS COOPERATIVE UNDERTAKINGS cause a form of unfair competition with ordinary commercial enterprise that is leading to some attention in France. Under French law cooperative undertakings enjoy exemptions and benefits over other forms of business. Some of the French cooperative organizations of buyers, it seems, have operated for the profits they could make rather than for the savings they could effect for members.

Against this the Marseilles Chamber of Commerce protests. It wants cooperative societies confined in their membership to real participants, among whom any gains are divided pro rata in accordance with the amount of their individual transactions. To bona fide cooperative organizations of this sort, the Marseilles Chamber would have the government give low-rate loans, but it asks protection for the mercantile community against cooperative enterprises which are cooperative only in name.

The Rights of the Wholesaler

WHOLESALERS' RIGHTS were before the federal Circuit Court of Appeals in a case decided in May. A manufacturer placed in a car consigned to a wholesaler some goods purchased by the wholesaler and similar goods purchased by a company which primarily was engaged in operating a chain of retail stores. This method of shipment, in order that the advantage of carload freight rates might be obtained, is usual.

Upon receiving notice of the contents of the car the wholesaler protested against the manufacturer selling directly to a concern which the wholesaler looked upon as a retailer, and demanded from the manufacturer the compensation of a jobber as to this particular lot of merchandise. Meanwhile, the wholesaler placed the goods in its warehouse and did not for a month notify the other concern the shipment had arrived.

Upon these facts, and the additional circumstances that the wholesaler declared he would cease buying from the manufacturer if the latter continued to sell to the concern which was nine-tenths a retailer and one-tenth a wholesaler, the Federal Trade Commission held there was a method of unfair competition.

The Circuit Court of Appeals takes a contrary view. It says there is nothing to indicate combination with anyone else. As for the threat to stop dealing with the manufacturer, the court declares the wholesaler "had the positive and lawful right to select any particular merchandise which it wished to purchase and to select any person or corporation from whom it might wish to make its purchase. . . . (The wholesaler) had the right to do this for any reason satisfactory to it, or for no reason at all. It had a right to announce its reason without fear of subjecting itself to liability of any kind. . . . Any incidental result which might

occur by reason of the wholesaler exercising a lawful right cannot be charged against the wholesaler as an unfair method of competition."

Can't Collect Price Losses From Uncle Sam

CONTROLLED PRICES did not give rise to claims against the federal government, according to the Supreme Court. The cases in which the decision was announced were appealed by coal companies from the Court of Claims. One of the companies showed that it had contracts for sale of its coal at prices in excess of the price fixed during the war by the Fuel Administration. The other company maintained that, for it, the prices fixed by the Fuel Administration were less than the cost of production. When the companies brought action against the government for the difference between the controlled price and the price they thought they should have been allowed to receive from the people to whom they sold coal, the Court of Claims ruled against them, holding there was nothing due from the government.

This position the Supreme Court has sustained. In the opinion of the court, liability of the government for the results of a regulation is most unusual and where, as with regard to coal, the liability would amount to great sums, only the plainest language in the statute could warrant the courts in understanding that the government was to pay an indemnity. The making of the regulation was not taking of property and the law-making power did not promise expressly or by implication to make good the losses incurred by compliance with the regulation. If a law requires a person to give up his property to someone else, without adequate compensation, the remedy is, if necessary, to refuse to obey, not to sue the law-making power for damages.

The Elusive Apple Championship

THE Northwestern apple has so long assailed the eye from billboard and magazine pages that it brings no surprise to find Washington leading the list of all apple-producing states compiled by the *Western Fruit Jobber*. What does surprise the reader ignorant of apple statistics is the suddenness with which that lead was obtained and the decline in the Eastern apple production from 1920 to 1921. In the former year, of the commercial apples of the country, New York produced more than one-fourth, in round numbers nine million barrels out of thirty-six. A year later the whole country's production dropped to twenty million barrels, of which New York yielded only three millions.

Meanwhile, Washington was reversing the procedure. From turning out three and a half million barrels, a tenth of the country's yield in 1920, she jumped to 7,750,000, well over a third of the production in 1921.

All over the eastern United States the drop in apple yield from 1920 to 1921 was striking. Save Maine, no state east of the Mississippi showed a gain. Virginia, ordinarily a great apple state, dropped from 2,636,000 barrels to 136,000.

Modernizing the Bull Fight

MECHANICAL EQUIPMENT for bull fights fits well into the Mexican's notion of the fitness of things and the proper direction for development of efficiency. After an animal has met defeat, it has been the custom to have a team of horses or mules drag him away. At Chihuahua recently, however, an American tractor was substituted.

All the traditions were smashed, but everyone was highly pleased because of the time which was saved before the next "inning" of the Mexican national sport could be staged.

Listening In on Radio's Future

By WARREN BISHOP

IN ANY discussion of the commercial future of the radio it is well at the beginning to divide as sharply as possible the two main developments of the wireless service, first as a means of communication and second as a method of spreading broadcast information and entertainment.

In one case we have the wireless invading, or adding to, the field of the cable, the telegraph and the telephone. In the other we find it a possible rival, or a supplement, to the newspaper, the theater and the concert and lecture platform.

As for wireless telephony as a means of communication, we might well begin by quoting again the statement made recently by Secretary Hoover:

I think it will be agreed at the outset that the use of the radio telephone for communication between single individuals, as in the case of the ordinary telephone, is a perfectly hopeless notion. Obviously if 10,000,000 telephone subscribers are crying through the air for their mates they will never make a junction; the ether will be filled with frantic chaos, with no communication of any kind possible.

Some radio enthusiasts would qualify Mr. Hoover's statement by inserting somewhere "in the present state of our knowledge of radio transmission," but, with that qualification, the statement would probably meet with general acceptance. In other words, to talk of our being "on the eve of a wireless age" is nonsense. We shall see not fewer, but more cables linking us to foreign countries, more wires linking business to business and man to man.

But the wireless signalling and wireless talking have their definite and probably spreading fields of usefulness. Where wires can't go, the wireless can. Where not enough wires go, the wireless takes a share of the burden.

On more than one occasion scientists who have worked on telephone improvement have pointed out that the development of the telephone reversed what might be called the normal course of discovery. "Scientifically," says A. H. Griswold, "it is actually more remarkable that we are able to guide messages by means of wires than to send them out broadcast by radio."

Gen. John J. Carty puts it in another way: "Had the course of scientific development been reversed so that radio transmission preceded transmission by wire, the discovery that wires can be used to guide the ether waves would be considered one of the marvels of science."

It is quite conceivable that Central Africa or Central China will see the development of communication along these lines: first the radio as an advance agent of industry, and then, as industry decides to settle down, wires will make more certain the link with the older world. We should then see a commercial development of communication in line with what might well have been its scientific history.

Certain fields of communication are well marked solely for the wireless. Ship to ship and ship to shore, these are obvious. From land to land across large bodies of water it is already filling a place as a complement of the wire service. Underwater cables are costly and limited in capacity, yet, that the best heads in the communication industry do not expect them to be made obsolete is plain from the present plans of the great cable companies. Undeveloped countries, as I have said, may lean upon wireless for their first linking with the outside world.

Transatlantic telephony is an accomplished scientific fact. It is nearly seven years since Arlington, Va., talked with the Eiffel Tower in Paris. It was a great chapter in the history of American invention, but the expense has held back its development for general use, nor is the commercial demand great. But we can talk across oceans or across continents without wires. That we know. What we don't know is how to make such service so cheap and certain that it will be of constant commercial use.

The ether has been likened to "a universal party line consisting of a single conductor which must be used in common by all the world." There we have the center idea upon which is built this other side of the radio

as a new factor in communication, the broadcasting of news, of entertainment or of instructions.

Along this line lies the puzzle. What will the public want? How long will they want it? Will they want it enough to pay for it? And if they will, how can they be made to pay? Questions such as these are occupying the minds of the men who are leaders in the radio industry.

At present the question partly solves itself. The sale of new instruments keeps up at a tremendous rate, and, so long as that goes on, the companies that are making and selling the receivers feel they can supply the programs to those who buy. They are selling the bottles and giving away the milk to put in them. Which might be all right for a milkman if bottles were expensive and milk were cheap or could be divided up among an innumerable host.

How long this condition will last it is hard to say. No slacking up in the demand is seen. In the June issue of *THE NATION'S BUSINESS* the statement, credited to Secretary Hoover, that there were 600,000 radio receiving sets in the United States, was quoted. Not many weeks after that statement was made, the head of the newly organized National Radio Chamber of Commerce estimated that there were 1,500,000 home instruments in use in the United States.

If we could accept these figures (and both of them are highly speculative), we should have an industry approaching its point of primary saturation—having outfitted all the folks who want a radio—at a very rapid rate. Estimates of the demand for such equipment are bound to be vague, but it is altogether probable that that demand is being fast filled. The radio industry has had a tremendous stimulus. It has aroused popular curiosity. It has satisfied a natural craving to penetrate mysteries, and at the same time it has added a link between the world at home and the world outside. Moreover, in stimulating this interest it has had the aid of practically the entire periodical press of the United States, a thing few other industries have ever had.

There is no doubt in the minds of those who are interested in the radio development that there is and will continue to be a permanent demand for the service. One fact which leads them to this conclusion is the character of the letters coming to them. More and more people are criticising the programs, complaining of them, demanding more of this and less of that. The people who ask classical music are lining up against



those whose tastes are lighter. One group wants entertainment and nothing else, another wants instruction mingled in.

To revert to our previous comparison, if they complain of the quality of the milk it is fair proof that they want milk for its real purpose, to drink, not just to have something to pour into the bottle. If the radio enthusiast merely wishes something to hear with the help of his radio outfit, he'd be content with someone reading a last year's campaign speech. Any one of us who remembers his first ride in an automobile twenty-odd years ago will recall that he rode not for the sake of getting somewhere, but for the sake of going. It was not until the curiosity stage wore off that the demand for scenic routes arose. One need not be very old to recall the day of telephone conversations like this:

"Is that you, John? It don't seem possible."

"It sure don't. What do you suppose they'll do next?"

Your ten-year-old son regards the automobile and the telephone in the same light as he does running water and paved streets. Will he feel that way towards the household radio twenty years from now?

If he does it will be because there is a continuity of service and that service must be appealing.

How About Service?

AT present private enterprise supplies it, and that private enterprise is the same that is making and selling radio sets. There are exceptions, of course. In one instance a large and prosperous newspaper is operating a distributing station. Its reward probably is increased prestige, that vague but valuable advertising that goes with the public appreciation of accomplishment. The first newspaper to send a dirigible around the world will profit by its enterprise, but it would find it difficult to measure that profit in dollars.

This giving away of service, as has been pointed out, can continue as long as the rush for instruments continues. It is plain that without that stimulus there would be no rush. But if that rush slackens, and it would seem that it must, the radio industry will find itself face to face with a new situation.

There is another point of view from which to consider the question of where is the industry going. There are certain industries which thrive on replacements or additions to equipment. Instances that immediately suggest themselves are safety-razor blades and talking-machine records. The radio maker and seller finds that parts of the machine do need considerable renewing. There are parts that are very delicate. Moreover, there is constant improvement of instruments. All this tends to a constant market for parts and for up-to-date outfits.

Is that market enough to justify the radio industry in supplying service? If the answer is "no," the dilemma becomes better defined—we must either give service or stop giving it. If we stop giving it, we are ruined. If we go on giving it, we face the fact that the added overhead may be so great that it will swallow profits from replacements and new machines and we are ruined by that route. But the radio men are not sure that the answer is "no." They see a continuing call for new outfits and new parts for old outfits that will justify their going ahead.

These men look beyond the city for the great future use of radio receivers. They feel that it is the smaller community and the farm which will really want and really use the radio. The men and women they have

in mind are those who get their daily newspaper, when they get one, a day or two days late, whose moving picture shows are occasional or a long distance away. To these people, they argue, this new means of connection with the centers of population will come as a godsend. There is, they reason, an appeal and an interest in the human voice coming direct through the air, which is lacking in the printed page or even in mechanical reproductions. They picture the farmer or the village merchant sitting down after supper to hear what has happened in the world while he has been at work, to listen to some good music—or poor music if he prefers it—to follow a talk from a distinguished man, to pick up a little information as to what is going on in the world of science and industry.

But there we are again! Who is to furnish him with all this?

There is one question that immediately occurs. What, if any, is the function and the opportunity of the Government in this? There is an obvious opportunity, say the men who are the most active in the industry. How better could the Agricultural Department of the Federal Government spread its reports, they ask, than radio broadcasting them? Many a man who would throw a pamphlet into the kitchen stove unopened would listen to fifteen minutes of well-presented talk. Matters of public health and education might well be sent throughout the nation this way once the country is widely equipped.

It is conceivable that some way will be devised of making a suitable charge for the service received by radio, as one buys new records for his talking machine or pays to see the new films on Wednesday night at the "Op'ry House." But that day has not yet been reached. We know no means of keeping anyone from crawling into the radio circus tent.

But You Can't Shut It Off

THERE is conceivable an enormous audience waiting and willing to pay. It is not hard to picture three or four million American homes radio equipped and as ready to pay for service as they are for the electricity that flows in to light their homes, but the electricity which lights the homes can be shut off from an individual, while the ether wave which brings the message of the world can, in the present state of development, only be stopped at the source.

What is it that makes broadcasting by radio unique? What gives it a field all its own? The answer perhaps is its immediateness. We can record a great actor making a speech or a great musician singing a song and give it to hundreds of thousands of homes. But if the President of the United States wanted to talk to a half or a tenth of the population, his subject might be dead by the time records were made and marketed. Yet it is easy to picture him broadcasting his address to half the population through home or community receivers.

The demand may exist and the physical means of filling it are coming into being, but is there a way of providing permanently the supply to meet that demand? In England they are going at the situation differently. There the country is being districted and a manufacturer in each district is to be licensed to turn out radio receivers. He will lease them or sell with some form of agreements to pay for service. In that way he will have an object in providing a permanent supply to news and amusement through the air. It may be possible for an amateur to "boot-leg" his music and his cricket or football scores, but at least he will be an outlaw,

and if traced he may be put out of business. Here we have gone at it onesidedly. We permitted unlicensed receiving, and we were slow to awaken to the need of licensing the sending. As we now know it, the availability of the air for sending is limited—and how the available ether and the available time shall be allotted are still moot questions. The problem that confronts broadcasting still stands: Who shall provide service and how shall he be paid for it?

Our Bill Against Europe

INTERALLIED debts left by the war continue to harass the cabinets of the nations. Meanwhile there is much confusion among the people as to just how large these debts are, how much is principal, how much interest, what payments have been made, etc.

It should be borne in mind that there are different kinds of debts owed this country. There are the loans made by the government of the United States direct to the governments of Europe; loans made by individuals or corporations to the European governments, and loans made by individuals or corporations to individuals or corporations in Europe.

Prior to the entrance of the United States into the war, European countries had already floated large loans in this country through private banks, the most notable of which has been the Anglo-French loan of \$500,000,000 in gold. As the war proceeded, the necessity to buy supplies in the United States increased. Accordingly, financial assistance to the Allied governments became one of the first concerns of the United States Government upon its entrance into the war, and resulted in the Liberty Bond acts. Under these acts the United States Government loaned to foreign governments a little over \$9,500,000,000 in cash. Thus far only some \$162,700,000 has been repaid in principal and \$454,600,000 of interest. There consequently remains nearly \$9,500,000,000 principal still to pay and over \$1,000,000,000 of back interest. Moreover, if interest is allowed to accrue it will mean an annual increase of this round total of \$10,500,000,000 by an additional sum of approximately \$500,000,000 every year. In twenty years at such a rate this vast debt will be doubled.

Until June, 1918, the financial assistance rendered to the Allies by the United States was vital. Loans by this government enabled the Allies to acquire the enormous quantities of munitions and other war supplies for which their own industrial resources were proving inadequate. During this period it could be safely said that the Allies were borrowing from the United States the money necessary to enable them to keep on fighting until American forces could render effective military assistance and furnish the manpower which ultimately made victory inevitable. Up to the time when American troops began to play an important part in France in June and July, 1918, the United States Government loans to the Allies amounted to \$5,966,514,000 and had increased at the time of the armistice to \$7,000,000,000.

Since that date borrowings under the Liberty Loan acts have increased these debts to the larger totals already given above.

Subsequent to the armistice, the debts of the Allied governments to the United States Government were further increased by other measures connected with the restoration of order in Europe and with relief for the civilian population until the aggregate government debt of these powers is now in excess of \$11,300,000,000 principal and accrued interest.

THINGS SEEN

No. 3—Doing Business with the Far East; the Future of the Trade

By ROBERT DOLLAR

JUST twenty years ago the real start was made in steam shipping on this Pacific Ocean. In 1919 the entrances and clearances on the Pacific Coast were 39,000,000 tons. The reason for this enormous increase is not difficult to find. Across the ocean lies China with her 450,000,000 industrious people. There they are just learning modern ways of commerce, and when they have once learned there will be no limit to their possibilities. The growth of our own business in the Far East has been surprising, and I can therefore speak with some authority.

Take the case of Japan, where there are now about 90,000,000 people: Some sixteen years ago I was in Hakodate when they were celebrating the fiftieth anniversary of the opening of that port to world's commerce by Commodore Perry. On the principal street there was a painting of the Mikado shaking hands with Commodore Perry. (They didn't shake hands with him when he first went there. He threatened to blow them off the island if they didn't open the port.) In one of the parks was a full-size model of a steam yacht. Hanging beside it was a placard printed in Japanese which an interpreter read to me as follows:

"This yacht was presented by Queen Victoria to the Mikado thirty-three years ago. It was our entire steam fleet at that time. To show you what progress we have made and what we have done since, please turn around."

The canvas was on a hillside, and when you turned around to look in the opposite direction, there was disclosed to view the great battleship fleet of Japan at anchor in the harbor—the fleet that was in a comparatively short time to destroy the Russian ships. I never saw a finer illustration of progress than that.

How to Increase Trade

BUT people say the Chinese are so poor that it will be difficult to increase their trade with us. I say that opportunities in China are greater than in any other country, and I will illustrate how this trade can be enlarged with a conversation I once had with a Chinese on a street in his native city. I said to him:

"We are going to increase trade here by increasing the purchasing power of the people."

"But," said he, "it cannot be done."

At that moment a wagon load of lumber from my lumber yard came along; it was being pulled by thirteen men. It was in the winter and snow lay on the ground, but those men were all barefooted. I was paying them eight cents a day. I said:

"You take those thirteen men off that wagon, put a horse there with one man to drive it and put the other twelve men into a factory, and you will increase their purchasing power. They will buy more and develop the commerce of your country."

I asked him how many persons in China were going barefooted, and he replied that there must be 100,000,000 anyway, if not more. I told him that they were going barefooted from necessity and not from choice and that if they could earn more they would not go barefooted. Each one of them wanted to buy a pair of shoes and stockings. Maybe a shoe manufacturer will read this; what

would it mean to him to supply 100,000,000 people?

And bear in mind that shoes are not the only necessities that these 100,000,000 people are doing without for the simple reason that they have been too poor to buy.

I have made many trips to China and always with pleasure and profit. Ways of doing business there seem very strange to us, and doubtless our ways seem as strange to them. I recall the story of an American who remarked to a Chinese diplomat that his countrymen seemed to do everything backward. To this the Chinese replied:

"But we are the older people."

Speaking of curious methods of doing business in China, I recall engaging a stevedore in Shanghai to discharge a cargo of lumber, two-thirds in Shanghai and one-third in Hankow, and to load the return cargo of pig iron. Instead of waiting and engaging the men at Hankow to do the work there, he took forty men on this steamer from Shanghai. These men boarded themselves on the way up and got pay only for the work at Hankow. The stevedore did the work by the ton, and how he did it for the price we paid is one of the mysteries of his business.

One time when I was in Chefoo we wanted to go to a wholesale silk store. And here is how we got there: First, we went through a grocery store into a courtyard with beds of flowers and shrubs; from there we followed an alley 3 feet wide and crooked into another courtyard, then through another 3-foot alley into a small open square 20 feet each way. On each side of this square was the store. There is nothing unusual in finding important stores in such obscure locations in that country.

Truly they are a remarkable people, the Chinese. Some of the labors they have completed will always astonish travelers from other countries. The Grand Canal is one of these. It was constructed many centuries ago and is hundreds of miles long. It is one of China's great trade arteries, and at points it is packed with boats of every description, just as the streets of a city are crowded with people and traffic. The other famous monument to Chinese industry is the Great Wall, built to keep out marauders. This wall does not seek an easy course but scales the tallest hills to make its defense more effective. It would have taken any civilized country many years to build it, but China can put a few million men on such work and never seem to miss them.

Life and labor are so cheap that men are still used for heavy work instead of machinery or beasts of burden. This was brought home to me very forcibly in the handling of the big timbers which I donated for the rebuilding of the famous Ling Ying temple near Hangchow. This temple was first built in 326 A. D. Marco Polo tells of visiting it. There are caves and shrines of all descriptions.

His Excellency Sheng Kung Pao, learning that Americans were planning to erect a college nearby for the education of Chinese boys, decided to rebuild the central hall of the temple in all its former greatness and splendor—in its day it was the most magnificent of all Chinese temples. For this purpose he ordered twenty-eight of the largest round timbers that could be found in Amer-

ica. I donated these timbers and sent them over on the deck of the *M. S. Dollar*. They ran in size as long as 125 feet, and 48 inches in diameter at the butt; they were perfectly straight and as fine pieces as ever left America.

At Shanghai the timbers were put on a raft and taken up the Grand Canal to Hangchow. From there they were carried by coolies over the 5 miles to the site of the temple. Two hundred and fifty men, 125 to each side, handled these great logs. A bamboo pole for each two men was tied to the timber by a small rope, the poles angling slightly to permit the man on one side to carry on his right shoulder, and his associate on the other side, on his left shoulder. They all lifted steadily and together until the word came to straighten up. When the enormous weight of the log was lifted clear of the ground, all the men kept step with military precision, moving on without apparent difficulty. There was little chance for shirkers as overseers moved back and forth along the line with bamboo rods 6 feet long, and sharpened at the ends. With these the foremen prodded some of the loafers in the ribs and whacked others over the shoulders.

Before the Age of Machinery

THIS primitive method of lifting great weights was used by their forefathers thousands of years ago. It shows what can be done without the aid of machinery and accounts for the way the great stones in the walls of cities in China and the Pyramids of Egypt were lifted and put together.

There are plenty of marvels in China without the ones people there would sometimes have you believe. The priest of another temple told me that all the timber required for the original building had come from Foo Chow through an underground tunnel the end of which was in a well that he pointed out to me. I could not repress a smile at this, since Foo Chow was 300 miles away. I thought my smile had offended the old man when I saw him hurry off. But he returned immediately with three candles and a long line. He lit the candles and lowered them into the well, where he triumphantly pointed out the end of the last log, stating that if it were taken out, another would come in its place and so on indefinitely!

While on the subject of temples, I might mention something that struck me when I visited the Altar of Heaven, near the Temple of Heaven at Peking. This fine building was erected over a thousand years ago. Its beautiful dome was painted when it was built and has never been touched since. When I saw it, it looked as though it had been painted the day before. I wonder if our paint manufacturers, with all their knowledge of chemistry, can make a paint that will equal that record.

There are vandals among the civilized Americans and European visitors to China, and the Chinese do what they can to protect these monuments from them. Huge stone camels, elephants and other animals line the road that leads to the Ming Tombs, and these have fences around them as guards against the thoughtless. I denounced in very strong terms the persons who defaced these monuments. But one of our party put it

all back on me when he pointed out the name of the steamer "Hazel Dollar" carved on one of the dromedaries! Evidently an officer from our ship had chiseled the words there.

On my last trip to China—we left San Francisco in April, 1921—I went up through the famous gorges of the Yangtse and visited the province of Szechuen, where I saw with my own eyes the wonders of this rich section of China. There were about 70,000,000 people in this province alone—more than all the inhabitants of South America. These people are entirely cut off from the world's commerce except for the route through the Yangtse River gorge, a very dangerous trip.

Two powerful steamers are now running through the gorges to Chungking, 1,600 miles from the ocean, and both of them are flying the American flag. Incidentally you will see the Dollar mark on the smokestacks.

These steamers connect with our deep-sea boats at Shanghai, and it was from there that I started my trip last year. The growth of Shanghai has borne out the wisdom of opening the first American post office there. Shanghai means "a place by the sea," and no doubt it was on the sea when it was first established, but now it is 60 miles inland. I can convey some idea of the significance of this city when I say that it is the natural seaport for the Yangtse valley and that fully one-eighth of all the inhabitants of the world live along the banks of this river or of its tributaries.

Steaming up the Yangtse, we passed the commerce of the tributary country and that of Szechuen coming down through the bottleneck of the gorge to the sea. I was struck by the rafts of poles that we saw. I have had considerable experience in rafting logs, but I have never seen anything approaching the mass of timber in one of these rafts. In swift water I confess I do not see how they are handled. This is the competition we have to meet in the small sizes of Oregon pine and the reason that the Chinese market calls for large sizes and excludes the smaller. These rafts are floated hundreds of miles from the forests of Szechuen.

Boats, boats, boats! The swarms of them along the Yangtse are a sight to behold. They are of all kinds and descriptions. Row boats from 12 to 30 feet long; small sail boats and big junks; and, to add a modern touch, big steamers and small gasoline

launches. Along the banks miles of them can be seen being pulled by men on shore. From four to twelve men are hitched to each, and they pull the boat along as fast as they can walk.

When we got to Ichang we found that there had been much looting of the native shops. The only thing that kept the same fate from the foreign godowns was the presence of seven foreign gunboats. Because of these predatory bands our steamers carried armor plate to protect the captain and pilot. I have already told what happened to one band that fired upon one of our steamers.

While there are half a dozen steamers running from Ichang through the gorges to Chungking, their combined cargo capacity is much less than 1,000 tons. There are great fleets of junks running between the two cities, but they can only operate at certain stages of the water (the same being true in a lesser degree of our steamers). The risk by the junks is greater than in any other class of transportation in the world. The loss in junks runs as high as 20 per cent a year and the loss of life is over 1,000 annually. Think of it—three lives a day for every day in the year!

Through the Gorges

I MADE the trip up through the gorges on the *Robert Dollar II*. Steamers on this run have to be built to meet the difficult conditions. I don't suppose there is anything in the world like these gorges. In places the river is but 400 feet wide, and as the depth is supposed to be 400 to 500 feet the current is very swift. Cliffs over 1,000 feet high rise perpendicularly from the water. The government has taken the precaution of placing signal stations at places where the river turns at right angles, and it is impossible to see ahead. (At points it looks as if the steamer had run into a blind alley, so sharp and narrow are the turns.) A man is stationed at the bend where he can see both ways. If the approach is clear, he hoists a cone with the point upward; if a steamer or junk is approaching, the point is downward.

An irregular path, in places not over a foot wide, was cut over a thousand years ago along the face of the cliffs. This is for the trackers who haul the junks up the rapids. It takes at least 120 men to a reasonably sized junk, and the trackers I saw were

naked except for straw hats or bandages on their heads. A hawser of twisted bamboo is made fast to the junk, and each tracker has a small rope twisted about his breast and attached to the hawser.

What a hard and dangerous occupation! Those I saw were stooped to the ground and pulling for dear life. They are paid a lump sum for the round trip which takes about six weeks, their pay being about \$1 gold, and their rice—two bowls a day—is furnished.

Nothing but a skilled navigator with a clear head and a steady hand could bring a steamer through these gorges. I remember once when we rounded a sharp bend at a rapid and discovered a big junk bound downstream rowed by 100 naked men. At first it did not appear that we could avoid cutting her in two, but by skillful handling we passed her with less than 2 feet to spare. I shuddered to think of the loss of life that at first appeared inevitable. After we had passed I looked back and saw a big whirlpool catch the junk and turn her completely round.

At Chungking I was very cordially received by the Chinese, and we started back downstream as soon as we had finished our business affairs. On the down trip we ran into fleets of junks that had set out on a favorable fall of the water, and their numbers made another menace to navigation. One would think that they would keep heading straight downstream, but this was impossible because of the powerful whirlpools of the rapids, and it was not unusual to find them crosswise the channel.

In the narrow, crooked passage of the Tan Rapid we overtook a junk that had been turned broadside to the channel, and I felt sure we were going to crash into her. But

A sharp turn in one of the Yangtse gorges. An idea of the height of the cliffs can be gained by a comparison with the junk shown in midstream. The photograph was taken by a party of engineers who surveyed the route for a railroad to be built into Szechuen.

Photograph courtesy Asia.



at the last minute a fortunate swirl of the current, combined with the almost super-human efforts of the crew at the 50-foot bow sweep, turned her enough to let us get by with about 3 feet to spare. I could see the captain on top of the poop jumping, gesticulating and roaring like a demon. No doubt if what he was saying had been understandable it would not have been fit for Sunday school literature.

These are but fragments of the notes I made on this most interesting trip, but they will serve to emphasize the difficulties that now attend getting out the commerce of this huge and rich province. Only a short time ago the United States had no more people than Szechuen; think of the probable condition of affairs if we had had no communication with the outside world. This is practically their case. Our company has traded with these people very profitably. Interest must be aroused in America concerning the opportunities for our commerce in opening up and developing this trade.

It is over twenty years since we sent our first cargo to China, and we stuck to it though this trip showed a loss. I look back on these years with great satisfaction. During that time our business has run into the millions, but we have never lost a cent in China. I wish I could say the same of other countries including our own.

Americans must be brought to realize that trade with other countries means an exchange of commodities; we must buy where we sell. Emphasizing this truth did me a good turn once when I was negotiating with the Chinese government for the purchase of ore and pig iron. We came to a deadlock, but the officials—one of them was President of the Chinese Republic—wanted to send me off in a good humor, so they gave me a banquet. They said they were sorry they could not meet my terms, but as I could not accept their offer, we would have to agree to disagree. As a parting shot I said:

"Remember, gentlemen, I have done millions of dollars worth of business with China

and I have yet to take the first dollar of your money from you. I have even bought from you more than I have sold you."

We were ready to go into the banquet room, but they asked me to sit down a moment and they began to talk very earnestly to each other. Finally the President turned to me and said:

"We have been trying to form an answer to your last remark, but we have utterly failed. So we have decided to give you our products at the price you have named because we cannot afford to do without the exchange of commodities that you are giving us."

Editor's Note: This is the third of a series by Captain Dollar. The fourth and last has to do with government control of business and will appear in an early number.

How Our National Income Looks When Taken Apart

INCOME STATISTICS as collected from returns for income tax always lag two years behind the year in which they are published. So it happens that data from individuals' returns for 1920 have lately become available. Returns for income earned in 1920 were actually filed in 1921, and the tax was paid in 1921.

Statistics have now been compiled from returns made for the income tax for a period of five years; for Congress in 1916 first made it possible for the Treasury Department to undertake the large task of tabulation. During these five years, partly because the law was made more inclusive but also for the reason that smaller incomes increased in size and number, the number of persons who filed returns with the Federal Government increased from 437,000 to 7,259,000.

The increase has been in the number of personal returns for incomes of small and moderate size. That the rates on large incomes have been so high as to defeat their own purpose, especially in view of the possibilities for investments in state and municipal

bonds the interest on which is free from federal tax, is again made evident. Every year since 1916 shows a progressively smaller number of large returns for the federal tax. In 1917-18 the decrease was in returns for amounts over \$150,000. In 1920-19 the decrease was for all amounts over \$50,000. In such returns there was a decrease of about 3,000 from the number in the preceding year; the decrease in net income returned for federal tax where amounts exceed \$50,000 was even more striking, being almost half a billion dollars, and the decrease in tax yield to the United States from such incomes was in excess of a quarter of a billion dollars.

Between 1919 and 1920 there were interesting changes in the sources of income. Of the total income reported by all individuals, there was an increase in the proportion derived from wages and salaries, from 47 per cent to 57 per cent. In the proportions from all other sources there were decreases, —from 17 per cent to 12 per cent from business, from 8 per cent to 6 per cent from partnerships, from 4.45 per cent to 3.82 per cent from profits arising from sales of real estate and securities, from 10.94 per cent to 10.25 per cent from dividends, and from 6.69 per cent to 6.40 per cent from interest and investment income.

Because of the extent in which manufacturing is conducted by corporations, personal returns for income cannot be taken as indicative of business results for the country. The personal returns for business income for 1919 and 1920 may serve, however, to suggest the course of events. They were:

	1919	1920
Agriculture and related industries.....	\$1,311,000,000	\$637,000,000
Manufacturing.....	307,000,000	261,000,000
Construction.....	82,000,000	117,000,000
Transportation and other public utilities.....	63,000,000	58,000,000
Trade.....	1,006,000,000	840,000,000
Public service, professional, amusements, hotels, etc....	882,000,000	952,000,000
Finance, banking, insurance, etc.....	184,000,000	182,000,000
Other business activities, miscellaneous.....	143,000,000	117,000,000

The Spread of Farmer Marketing

By A. M. LOOMIS

Secretary, The National Dairy Union

COOPERATION has been defined as a plan by which a large number of separate units, preferably individuals, can consolidate their buying or selling, so that the results of wholesale transactions can be shared equitably among those cooperating. There are a large number of other definitions.

One is "cooperation is a scheme for making the other fellow play your game." Another is that cooperation is a way to get a successful manager to work for less than he is worth. Still another is that cooperation is a plan for making farmers satisfied with what they get for their products. Still another is that cooperation is a method of doing business without anyone getting a profit. The most comprehensive of all is that cooperation is a spirit.

Has there been a great new development in cooperation within the past two years? If so, what is it, why is it, and is it accomplishing a real purpose?

The question is a natural one in view of the public discussion of this subject. The President told the Agricultural Conference last January that in cooperation was the door to farmer success. Congress in February

passed a law permitting a breadth of activities on the part of farmer cooperators never before permitted by legislation. Every national farmers' organization floats a banner with this word as its headline. The United States Department of Agriculture, functioning through a paid agent in almost every agricultural county, is aiding the work of cooperative marketing and buying.

Once before the United States has passed through a similar period, lacking then, however, the tremendous power of the government, which is now a large factor.

This was in the early part of the decade between 1870 and 1880, when "The Granger Movement" was at its height. At that time, under the leadership of a group of forceful and active farmers, who gathered about Oliver Hudson Kelley, founder of The National Grange, farmers from Minnesota southward, and then spreading east and west, organized a vast fraternity and entered into cooperative stores, cooperative selling, cooperative warehouses and cooperative manufacturing on a scale which has not been equalled—proportionately—even under

the present stimulus of government aid. At one time or another during this period, Granges were formed, and Grange cooperatives were started, in every state in the United States. In 1874 more than 1,600 Granges were organized in the State of Missouri alone. There were thousands more in Iowa and Illinois and other states. The Grange which now exists nationally because of its fraternal and educational work spread like a prairie fire from 1870 to 1876 because it sought the economic benefit of the farmers chiefly through cooperation.

No one knows how many cooperative organizations were formed in the seventies, nor how long they survived. The writer remembers one Grange store left in western New York as late as 1894. Several in other states are still in existence which were started back in the Grange boom days. Government was not as efficient in numbering, counting and labeling things then as now. It is certain the movement waned, thousands of cooperatives died and the movement went practically out of existence. Then two new forms sprung up, developing others. One of the

Lubricating the Wheels of Industry

No. 2

Better manufacturing is a mark of human progress.

More efficient operation of existing plants must parallel the introduction of modern equipment into new establishments. The great buying public profits thereby; the manufacturer saves money and the world is better for this increased efficiency.

The basis for this indispensable manufacturing efficiency is properly-equipped shops, where neither power, labor nor machinery is wasted, and where production is maintained at its maximum.

And here is where Bowser steps in—for perfect lubrication insures economical manufacturing, the maximum in production, the minimum in shut-downs.

"Use more oil, but buy less," is the Bowser slogan, for our experience shows that ample use of oil decreases operating costs and increases production.

Oil that is kept clean never loses its lubricating qualities. Oil that is kept free from dirt and impurities never clogs up bearings nor forces costly shut-downs.

Bowser Storage Systems keep lubricating oil in perfect condition, prevent waste, insure

absolute check on receipts and disbursements, and eliminate fire hazard.

Bowser Remote-Control Systems have many merits. They insure the delivery of the oil



This is a Bowser filter section. It is the "kidneys" of the filtration systems described on this page. This filter gives unusual capacity, despite its small size. It is easily cleaned and can't get out of order.

where it is to be used—no waste steps for highly-paid workmen.

Bowser Circulating and Filtering Systems provide a liberal supply of oil to all bearings and filter the oil on each circuit, so that it is always maintained at its highest possible degree of usefulness for lubricating purposes. The stream of cool oil prevents bearing heat and decreases actual consumption of the oil itself.

Finally, Bowser Cutting-Oil Systems save so much money in oil, in time and in tools that they have actually paid for themselves, in several conspicuous instances, in from ten to twenty-eight months.

One Bowser-equipped plant is today circulating 12,000 gallons of cutting oil an hour, so that every machine in the plant is assured of getting its full supply of oil.

As experience has shown, pumping a flood of oil over cutting tools is an economy. If

the tools are actually flooded and the oil drawn back into the filtering system and cleaned, there is no possibility of dirt and grit getting on the cutting edges or into the bearings.

Oil that is kept clean never wears out. This means longer life for machine tools, fewer shut-downs and a higher and more constant production. Moreover, clean cutting oil is never rancid—which means an absence of blood-poisoning and hospital bills.

Whichever system you need, please bear in mind that Bowser engineering representatives are trained to analyze all oil problems. If you will have your plant engineers work with our men, they will be able to lay before you a definite schedule of what your requirements are and to put before you a fairly definite estimate of how a Bowser system would pay its own way.

If you are ready to discuss a lasting reduction in production costs, we invite you to put your time against ours. We shall indeed be glad to work with you toward the same improvement in manufacturing conditions that we have been able to work out for other establishments. Our ideal is more than merely to "use more oil and buy less." We will help you save on machinery and on labor. We will help you eliminate idle time. We will help you increase production. We will save you money on oil.

Your early inquiry is invited.

S.F. Bowser & Co., Inc.

Pioneer Manufacturers of Self-Measuring Pumps

Home Plant: Fort Wayne, Indiana
Canadian Plant: Toronto, Ontario

Factories and Warehouses:
Albany, Dallas, Milwaukee, San Francisco, Sydney
District Offices: Albany, Atlanta, Chicago, Dallas, Denver,
Detroit, Minneapolis, New York, Philadelphia, Pittsburgh, St.
Louis, San Francisco, Toronto. Representatives Everywhere.

Offices, with Service Departments, in Principal Cities Abroad

BOWSER
ESTABLISHED 1888
ACCURATE MEASURING PUMPS

Ever since I built my first measuring pump in 1885, I have guaranteed that Bowser products were rightly built, and of the best materials. I, therefore, welcome this opportunity to say that we stand squarely behind every Bowser product in its daily service in American industry.

S. F. Bowser

earliest was the cooperative cheese factories and creameries in the dairy states of New York, Wisconsin and Minnesota. Not long after this, the farmers of the south and west, struggling with cotton marketing, organized the Farmers' Union. Other interesting developments were the "Equity" organizations, the Farmers' Wheel, and the Northwestern Farmers Alliance. Then came cooperative elevators and live stock shipping associations.

Thousands of 'Em

IN 1917, Government investigators secured the names of more than 12,500 cooperative organizations. Following this by a questionnaire, definite answers were received from 5,424. Another survey, made in 1921 but not published, found 10,141 cooperatives.

In the Census of 1920 every farmer was asked if he had bought or sold through a cooperative organization in 1919 and, if so, how much. Out of a total of 6,448,343 farms in the United States, 329,449 reported as buying through a cooperative, and 511,383 belonged to or did business with a selling cooperative. Their total purchases were \$84,615,669 and their total sales \$721,983,639.

But these figures, interesting as they are, do not bring us up to date. The reason is because of a new development in cooperation since 1919. This development, for want of a more descriptive term, can be called the "Sapiro type" of cooperation. This brings Mr. Aaron Sapiro into the picture.

He may or may not have conceived the idea. Whether he did or not is not material except to historians. What he did to it has Siamese-twinning his name to the idea of a cooperative selling organization, without functioning local units, whose members sign a contract turning the sales agency of their product or products over for a term of years to a sales agency under the direction of the best sales experts that ample financing will procure. The members then go home and proceed to grow as much and as fine crops as their collective judgment, plus expert sales advice, indicates can be marketed for a profitable price, and the "cooperative" does the rest.

All previous cooperatives were based on small local units growing out of local needs, then gradually learning to work together and

coalescing under more or less stable legal forms, to sell products or to buy supplies.

The Sapiro type of cooperatives grew up in Mr. Sapiro's home state, California, where, under his personal leadership, producers of eggs, raisins, walnuts, prunes and other California staple crops (except the citrus fruits), have organized into "Sapiro Cooperatives." Sapiro has within a little over a year blazed a meteoric path across the central west and parts of the east. His inspirational oratory was a moving factor in the organization of the United States Grain Growers, Inc. Later he inspired, and probably guided into life, the new Cotton Growers' Association, looked upon by many as the most hopeful existing experiment in cooperation. The Burley tobacco growers are now organized and have succeeded in a large measure in handling the last crop under his tutelage. The peanut growers of North Carolina and Virginia are struggling, as this is written, to form a Sapiro organization. Eastern producers of poultry products are learning from him the success of his Pacific Coast organizations. Other commodity groups are taking up this plan.

This sector of cooperation is the fighting front at this time. The most gigantic single effort in cooperation has been the United States Grain Growers, Inc. This was the first effort of the American Farm Bureau Federation to bring about national marketing organizations. The plan was to secure contracts, chiefly on the Sapiro plan, from growers agreeing to turn their wheat over to the central sales corporation for a term of years, making the sales agency sole selling agent. Tens of thousands of growers have signed this contract, a force of solicitors having been at work in every principal wheat state. The conception was a gigantic one and has appealed to the imagination, but the task is likewise a gigantic one, and those bearing the burden have found it almost beyond human possibility. At this time there are grave problems and grave dissensions, as well as large prospects and great hopes.

The great losses which came to the live stock industry in 1920 and 1921 stimulated a great increase in live stock shipping cooperatives. On January 1, 1921, in Iowa

alone there were 610 live stock shipping organizations, eighteen in a single county. In 1917 there were but thirty-eight. Recently a national organization of cooperative live stock shippers has been formed to operate their own commission firms.

Kansas and Nebraska have gone farthest in cooperative elevators. In September, 1921, there were 465 such organizations in Nebraska, nearly all organized since 1911. One did a million dollars business. Large sectional organizations of wheat-selling cooperatives are operating in the northwest and in the winter wheat belt. Wool cooperatives sprang up in every wool-growing state in the period of 1919-1921 and bid fair to keep on functioning.

In cotton marketing cooperation the Oklahoma State Association is showing the way. This is a pure Sapiro type organization. Official reports show that it has 35,000 members, and the sales agency has under contract for upwards of 400,000 bales of cotton. A list of the larger cooperative enterprises of the United States is supplied by the War Finance Corporation, as follows:

Alabama Cotton Growers Assoc., Birmingham, Ala.
Arizona Pima Cotton Growers Assoc., Phoenix, Ariz.
Arkansas Rice Growers Assoc., Stuttgart, Ark.
Burley Tobacco Growers Assoc., Lexington, Ky.
Calif. Cooperative Canneries, San Francisco, Calif.
Calif. Prune & Apricot Growers, San Jose, Calif.
Calif. Rice Growers Assoc., Sacramento, Calif.
Equity Cooperative Exchange, St. Paul, Minn.

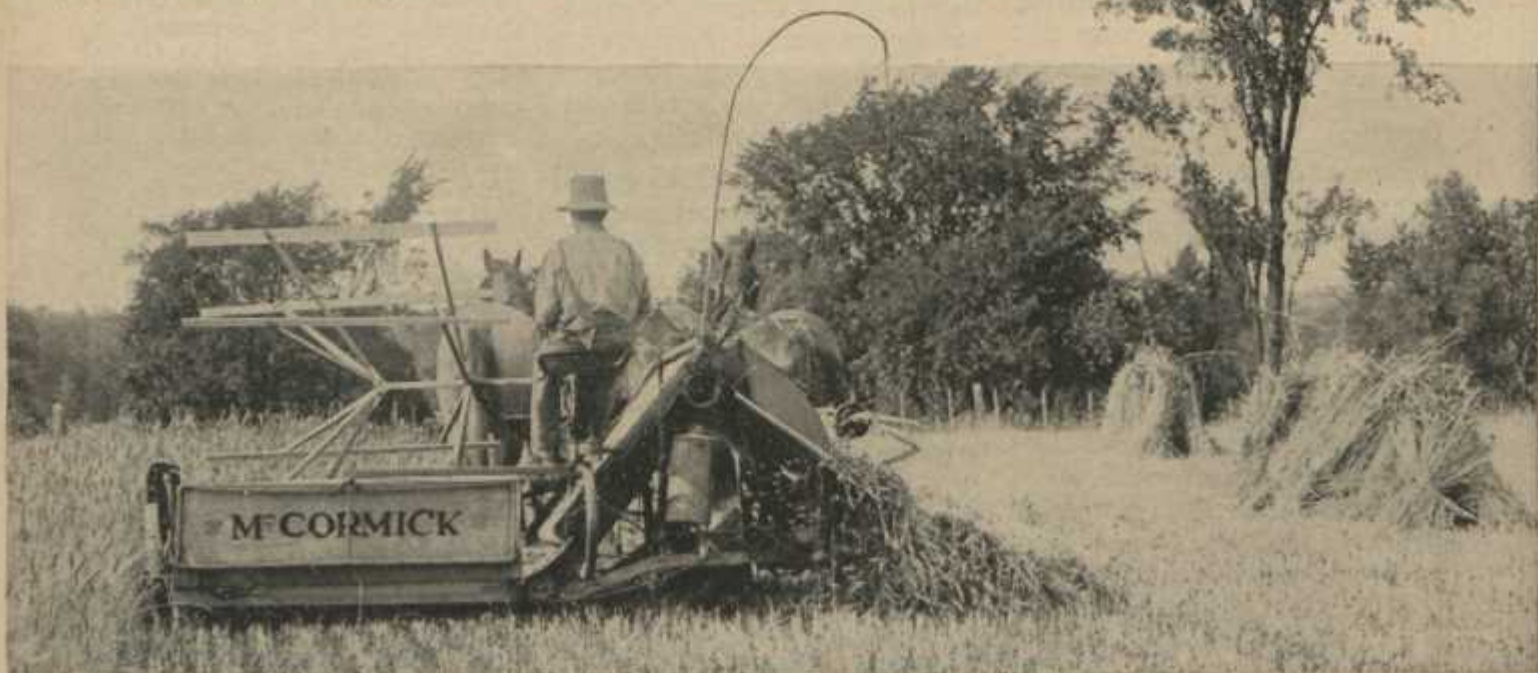


Photo by International Harvester Co.

The greatest cooperative movement ever started in this country is that of the United States Grain Growers, Inc. Tens of thousands of farmers have signed up with the

organization, which plans to market millions of bushels of wheat this year. The experiment is being watched with interest not only by farmers but by all students of distribution.

Is Industry Paying More Than Necessary for Fire Safety?

HERE are a few facts about commercial buildings that every business man should know—startling facts, perhaps, to the man who has taken for granted some of the current theories about fire-safety in building.

- 1 That it is contents of factories and industrial plants, rather than the buildings which house them, that are responsible for the great bulk of fire loss in this country.
- 2 That all buildings, regardless of the materials of which they are built, are subject to damage or destruction by fire if their contents are inflammable. In fact, authorities on fire protection have recently entirely abandoned the term "fireproof," as applied to commercial buildings.
- 3 That next to fire prevention, fire control—a matter of automatic fire alarms, automatic sprinkler systems and confining the fire to the room in which it starts—is the dominant factor in fire protection.
- 4 That it is possible through a type of fire-resistant building, known as "mill construction," to secure at lowest cost all the essentials that determine economy in modern industrial buildings: fire-safety, permanence and ready adaptability; low carrying charges, taxes, insurance, depreciation and upkeep.
- 5 That trying to reduce fire hazard in factories by increasing building investment only piles up the overhead and unnecessarily increases costs.

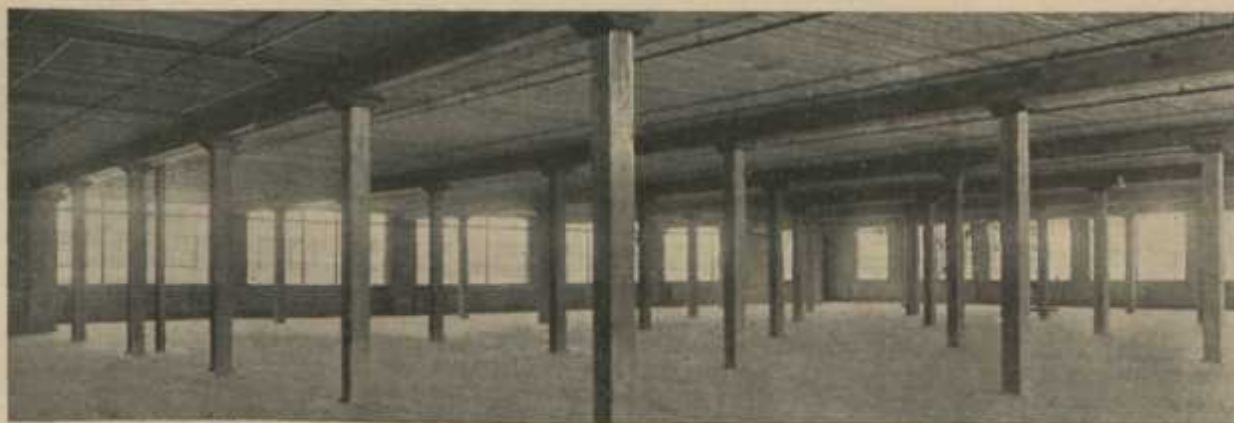
IT is now possible to secure timbers especially selected for commercial buildings, from the Douglas Fir Mills of the Weyerhaeuser organization or from its great distributing plants in the heart of the Eastern and Mid-western markets.

Timber values are no longer a matter of guesswork. The work of testing engineers, scientists and lumber experts, extending over a period of years, now makes possible the selection of timbers for "mill construction" based on uniform values.

Engineers and architects, long familiar with the principle of fire-resistant, sprinklered "mill construction," yet obliged to limit its use because of lack of sufficient uniformly safe timbers with which to apply it, are now unhesitatingly recommending it.

JUST what the principle of fire-resistant, sprinklered "mill construction" is as applied to commercial buildings, and just why Weyerhaeuser selection of timbers now makes this principle practical of application, is told in two booklets sent free on request.

Weyerhaeuser Forest Products are distributed through the established trade channels by the Weyerhaeuser Sales Company, Spokane, Washington, with branch offices at 208 So. La Salle St., Chicago; 1015 Lexington Bldg., Baltimore; and 4th and Roberts Streets, St. Paul; and with representatives throughout the country.



"Mill Construction" building in Chicago

Illustrating the adaptability of "mill construction" to modern factory buildings. Note the large, well-lighted floor areas, the sprinkler system and the enclosed shaft at left for stairways and elevators.

G. Scott Jap, Architect

WEYERHAEUSER FOREST PRODUCTS SAINT PAUL • MINNESOTA

Producers of Douglas Fir, Pacific Coast Hemlock, Washington Red Cedar and Cedar Shingles on the Pacific Coast; Idaho White Pine, Western Soft Pine, Red Fir and Larch in the Inland Empire; Northern White Pine and Norway Pine in the Lake States



Idaho Wheat Growers Assoc., Spokane, Wash.
Oklahoma Cotton Growers Assoc., Oklahoma City, Okla.
Oregon Coop. Grain Growers, Spokane, Wash.
Montana Wheat Growers Assoc., Spokane, Wash.
Peanut Growers Exchange, Inc., Suffolk, Va.
Staple Cotton Cooperative Assoc., Greenwood, Miss.
Texas Farm Bureau Cotton Growers, Dallas, Tex.
Washington Wheat Growers Assoc., Spokane, Wash.

Potato setting cooperatives have been started in Maine, Michigan, Minnesota, New Jersey and the Eastern Shore of Virginia. There were once 3,000 members of the Eastern Shore Association in 1914. The Minnesota Exchange did over \$1,000,000 business in 1921. South Dakota growers organized on similar lines last year. The Michigan State Association shipped 3,250 carloads of potatoes in 1921.

One of the Big Ones

THE fluid milk producers are now strongly organized to supply the great cities of the nation. Twenty-two sub-organizations, with 250,000 members, form the National Milk Producers Federation. Two of the greatest and most successful organizations are the New England Milk Producers' Federation and the Dairymen's League, the latter doing upwards of \$75,000,000 a year business.

The dairy industry has a long record of cooperation. A publication of the Department of Agriculture says that the first cooperative cheese factory was organized in Minnesota in 1889. There were, in 1914, 5,500 cooperative creameries and 3,500 cheese factories in the United States. Three hundred or more cooperative creameries in Minnesota are now engaged in an effort to sell as a unit. Minnesota creameries started this on a smaller scale in 1907 when the Minnesota Cooperative Dairies Association was formed with thirty-three members. It is still going strong and successfully.

Buying cooperatives are a very important part of this picture. The Census report shows that more than 5 per cent of the farmers buy cooperatively. More Grange-buying organizations lived, and lived longer, than any other type. Most farm organizations, in one form or another, now maintain buying cooperatives, the largest single unit in the United States being the Grange-League-Federation Exchange at Syracuse, N. Y., operated by a corporation officered by directors elected by the State Grange, the Dairymen's League, and the State Farm Bureau Federation. A survey in New York State shows 125 organized groups of cooperative buyers of which seventy-five are farmers.

There are two other important cooperatives known to every consumer, about which a word must be said, one because it demonstrates that small and contiguous geographical areas are not essential, and the other

to demonstrate the possibilities and the success of the exact opposite type of the Sapiro cooperative—the J. Howard Powell type—and to illustrate one great error in common thinking on the whole subject of the distribution of farm products.

The American Cranberry Exchange is a pure cooperative, and it markets the crop of three distinct and competitive areas of cranberry growing—Cape Cod, New Jersey and Wisconsin. Growers in these localities have their locals and elect directors with a vote proportional to acreage represented.

Where Are These Co-ops?

THE following tables show the number of cooperatives in each state in the United States in 1917 and in 1921:

State	TABLE I		Farmers buying or selling cooperatively 1919
	Cooperatives 1917	Cooperatives 1921	
Alabama.....	51	51	3,100
Arizona.....	7	15	301
Arkansas.....	89	139	3,957
California.....	197	258	31,564
Colorado.....	53	119	11,460
Connecticut.....	20	39	1,052
Delaware.....	5	15	823
Florida.....	69	77	1,748
Georgia.....	55	77	621
Idaho.....	59	90	4,989
Illinois.....	283	613	37,100
Indiana.....	84	221	24,657
Iowa.....	505	874	75,880
Kansas.....	249	567	65,975
Kentucky.....	66	77	5,842
Louisiana.....	44	57	5,875
Maine.....	71	110	4,671
Maryland.....	19	21	2,502
Massachusetts.....	31	56	1,756
Michigan.....	127	354	60,258
Minnesota.....	980	1,517	107,925
Mississippi.....	42	48	6,619
Missouri.....	73	230	35,702
Montana.....	51	188	4,674
Nebraska.....	282	603	59,878
Nevada.....	2	3	2
New Hampshire.....	8	14	1,668
New Jersey.....	20	20	5,556
New Mexico.....	13	19	1,549
New York.....	124	259	30,600
North Carolina.....	74	101	2,826
North Dakota.....	313	581	30,017
Ohio.....	97	280	41,202
Oklahoma.....	48	151	10,880
Oregon.....	85	99	6,369
Pennsylvania.....	66	124	15,582
Rhode Island.....	4	6	181
South Carolina.....	37	41	389
South Dakota.....	178	411	33,995
Tennessee.....	56	107	2,429
Texas.....	134	271	4,355
Utah.....	31	35	2,504
Vermont.....	23	60	2,911
Virginia.....	58	89	9,010
Washington.....	134	202	10,938
West Virginia.....	12	39	2,628
Wisconsin.....	402	775	64,640
Wyoming.....	16	31	981
Total.....	5,424	10,141	840,832

In all, 511,383 farmers, or about one in 13, reported that they sold cooperatively, while 323,449 farmers, or one in 20, bought through farmers' organizations.

These directors elect officers, and local managers are appointed to superintend the shipment of the whole crop, directed by a general manager. In 1921, the organization shipped 371 cars, 66 per cent of the crop; in 1920, 64 per cent; in 1919, 59 per cent. The expense of operation in 1921 was but 4.085 per cent of its gross receipts for cranberries sold. A feature of this cooperative is its advertising campaign.

Last and largest in actual operation of any single cooperative is the California Citrus Growers' Exchange. In the recent death of Mr. Powell, manager of this cooperative, American farmer cooperatives lost one of their ablest leaders. The Powell type of cooperation has, as its key, that when two farmers learn to work together it is easy to work with a third. He would probably define cooperation as so conducting yourself that you do business with your next-door neighbor. This organization, started twenty years ago, has developed until in 1921 it

sold 33,677 carloads of oranges and grapefruit, and 9,915 carloads of lemons, or 72.5 of all the citrus fruits grown in California. Its receipts for fruit sold were \$61,080,000. A supply company which is its subsidiary sold to the growers at cost \$12,600,000 worth of supplies.

Common thinking associates cooperative success with the necessity of "eliminating middlemen" and "returning a larger part of the consumer's dollar to the producer."

The California Citrus Growers' Exchange is perhaps the most successful cooperative, and yet it does not eliminate the middleman at any point in its operation. In general, it sells fruit to the same wholesale dealer in your city that a private shipper would sell to, and from that point on the California oranges go through the same trade channels.

As to what part of the consumer's dollar the California Citrus Exchange returns to the producer can be figured from the following figures given by Mr. Powell in his last annual report. He shows that the citrus crop of California brought back to its growers in 1921 the sum of \$83,527,000. The freight charges on the shipments amounted to \$44,893,000. The wholesalers therefore paid for this fruit \$128,430,000. They sold this fruit to the retailers for \$145,885,000. The retailers sold it to the consumers for \$203,642,000.

Hasn't Cut Out Middlemen

THAT IS, what the consumer paid a dollar for netted the grower but 41½ cents. Yet this is the largest and most successful cooperative. It has neither eliminated middlemen nor brought even a half of the consumer's dollar to the producer. What it has done is to standardize and distribute a crop that otherwise might still have been suffering the ills of improper handling and poor distribution that was ruining the California orange industry when it was started.

It is easier to write a feature story about one successful—or apparently successful—attempt

at cooperation than to set down a complete statement of the actual relationship of cooperation to all the factors in any commodity marketing problem, certainly than to try to picture the whole situation.

The persistence of the cooperative effort is the proof that it abounds in elements of success. Its large mortality is proof that it abounds in element of failure. Any survey at this time is necessarily tinged by the interest and approval which are sweeping the country. A fair survey is handicapped by what one thoughtful Department of Agriculture expert termed the absence of a cemetery and obituaries. Cemetery and obituary records are valuable, and they are hard to find while instead there is the record of successes and persistence. Just now the Government is supplying a cooperative maternity ward. What is needed are some rules of diet and a system of medical and surgical attention, so that the cemeteries of cooperation will not be so populous in the future.

Hotels Statler

Buffalo - Cleveland - Detroit - St. Louis

A new Hotel Statler (1100 rooms, 1100 baths) is now building at Buffalo, to open in the spring of 1923; 500 more rooms will be added later.

"Some One in Authority"

By E. M. STATLER—being one of a series of ads embodying instructions to Statler employees.

A HOTEL is a complex organization. The service of a lot of people has to dovetail in every transaction, and it's mighty easy for things to go wrong sometimes.

A good hotel is one where things go wrong infrequently, and are instantly made right.

In any hotel, you'll find it a good principle to ask for any service you want and aren't getting—but ask the right person. Generally, it's best to ask some one in authority.

If, for instance, you're very particular about some article of food, it's wiser to give your instructions to the headwaiter than to your table waiter. If you want your room "made up"

by a certain hour, phone the housekeeper's office instead of telling the maid. If you want a parcel shipped, or a trunk delivered, tell the head porter, and not a bellboy.

There will be times when the man you want is the manager, or his assistant. They are the source of authority in these hotels, and they can be useful to you when the thing you want is beyond the authority of others, or when you're not getting satisfaction in dealing with a department head.

You will probably be interested in seeing some of our formal instructions to managers and assistant managers; here they are:

Instructions to Managers and Assistant Managers in the Statler-operated Hotels

"Your biggest responsibility is to see that our policies are carried out and our promises to the public are kept.

"Most of your contact with guests will be with those who want something of you. You must always do everything you can to make their way smooth and pleasant.

"If his trunk hasn't come, or his ice-water doesn't flow; if he doesn't like his room, or has trouble at the mail desk—

"Whatever the reason for his seeking you, you are to take hold *interestedly* and give him the quickest satisfaction possible.

"In all your contact with guests (and, don't forget, with your associates, too), remember that the unforgivable sin, from our standpoint, is discourtesy. A close



second is lack of interest; whether a guest comes to you with a complaint or a request, he *must always* be greeted and listened to and *helped* with the graciousness and courtesy that are the spirit of our policies.

"You are the men at the top in your houses, you managers and assistant managers. But you have no special rights or privileges over any other employee of the company in the literal carrying-out of these instructions from The Statler Service Codes: 'No employee is allowed the privilege of arguing any point with a guest; he must adjust the matter at once to the guest's satisfaction, or call his superior to do so'."

E. M. Statler

Hotel Pennsylvania

Opp. Pennsylvania Terminal. New York. *The Largest Hotel in the World*

Bountiful Harvests Are Assured the Farmer by the Generous Rains That Fell During the Spring

BY ARCHER WALL DOUGLAS

THE CONDITION of the crops varies from day to day with the constantly changing weather. In much of Texas, especially the northern portion, there have been floods and washouts that necessitated the replanting of many thousand acres of cotton, corn and other products. In West Texas, however, the wetter it is the better they like it, for it is naturally a thirsty country and their only sure promise of an abundant harvest is a soil soaked to the limit of its holding capacity. It is likewise very wet in Oklahoma

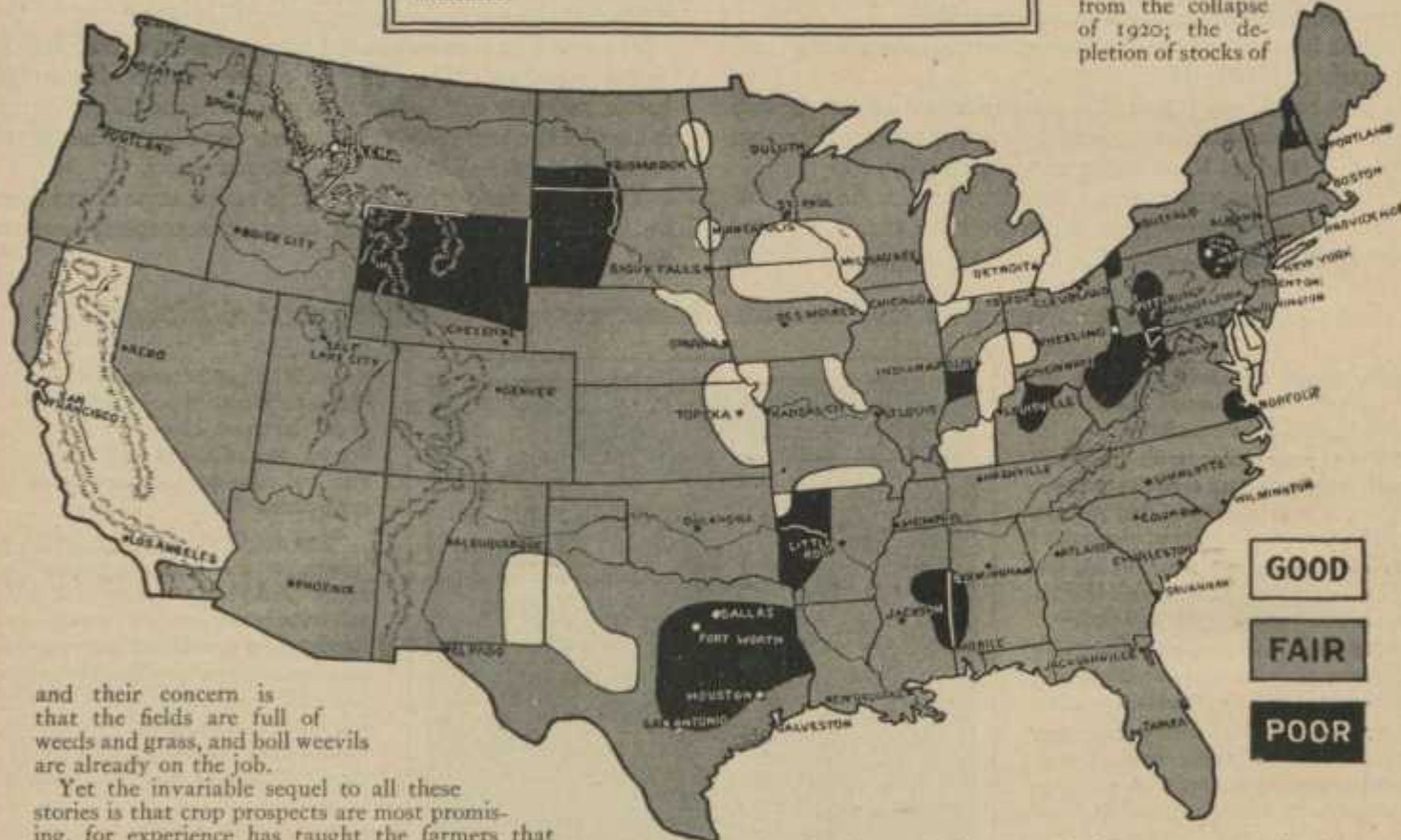
The acreage is still an unknown quantity and estimates as to its final yield, figured from the government May report, are about worth the paper they are written on. It is a situation which will keep all who are concerned in cotton guessing through the entire summer, and those in actual touch with the situation who have definitely formed opinions probably have too much respect for their opinions to express them.

The continuing ease of money is the natural result of those economic forces which have been at work through the long recovery from the collapse of 1920; the depletion of stocks of

Business Conditions, June 15, 1922

THE DOUGLAS MAP shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



and their concern is that the fields are full of weeds and grass, and boll weevils are already on the job.

Yet the invariable sequel to all these stories is that crop prospects are most promising, for experience has taught the farmers that wet springs almost invariably presage bountiful harvests.

In the principal winter wheat states, from Kansas and Nebraska eastward to Pennsylvania, there has been no drop in the fine condition of the growing crop, especially in the uplands, for what was in the bottoms was mostly drowned out and planted in corn. There are local damage reports of bugs and rust, but they are so far not of serious moment.

At this writing corn planting is still going on in states as far south as Kansas and Missouri, and there isn't much to be said except that the acreage will be very large and that the young plant has all the moisture it needs for some time, which is the best possible start it can have. Fruits and vegetables are in great abundance, and they have just begun.

Pastures and ranges are in the best of condition. The spring wheat outlook is most promising, for it has ample moisture so far against its worst enemy, drought, and its next deadly foe, black rust, is a long way ahead and may never materialize.

Cotton has made progress recently because of some sunshine that gave the farmers a chance to work in the fields. The inescapable fact is that the world situation in cotton is very critical and will continue so until the crop is actually picked

merchandise to the lowest point in many years; the absence of practically any speculative buying in commercial life, and the fall in prices which makes it easier, also much more expensive, to do the same business in tonnage with far less investment in goods. The situation is succinctly reflected in the decline of money in circulation as shown in the Federal Reserve statement, because there is no need for more funds, and there ensues that automatic contraction which is inherent in the working of the system.

The unpalatable fact remains that the cost of doing business has not come down in proportion to the decline in prices, which makes it necessary to do much more business in volume of units to attain the same results in dollars and cents. Those who are deluding themselves that a stabilization in prices is advisable lose sight of the vital fact that there can be no such stabilization until those industries which have not liquidated take their share of the loss, that the lower cost of living may have a more real meaning than is now apparent.

The story of industrial life still continues to be that of the nature and use of the manufactured product. The keen edge of demand in the shoe trade seems somewhat dulled save in the cheaper grades for men.

(Continued on Page 44)



"I P S E D I X I T"

SOMETHING like twenty-five hundred years ago lived Pythagoras, the wisest and most learned man of his time. He was the first to reason that the earth was a globe and with the other planets revolved around a central body. He made discoveries which elevated mathematics to a science. He was a leader in medicine, music, ethics and government.

News of his wisdom and his learning spread far and wide. The size of the town in which he lived was doubled by the people who came to study his doctrines. Such was the faith in his word that when his followers made an assertion upon any subject, if they were asked how they knew it to be true, they would reply simply: "*Ipsa Dixit*"—"He himself has said it."

The world accepts its ideas—and its commercial products—largely on such faith. The unknown product, though it have a guarantee written in the strongest terms, fails to inspire the confidence that the known product commands, though it have no guarantee at all. A name of recognized worth is its own promise and its own pledge. Reputation is the best of all salesmen.

It is the business of advertising to make character known, and by so doing to create reputation. It is the power of advertising to make people feel, when they see the name of a recognized manufacturer upon a product: "He himself has made it—it must be good."



N. W. AYER & SON

ADVERTISING
HEADQUARTERS

PHILADELPHIA

NEW YORK

BOSTON

CLEVELAND

CHICAGO

The cotton mills of the South are full of orders, but the textile situation in general is somewhat quieter because it is facing the problem of higher raw material which in time must be transmitted to the finished article with a distributing and consuming public most reluctant to pay advanced figures.

Building and construction grow in volume and will gradually extend to the agricultural regions as the harvests materialize. This means a large business in lumber, brick, cement and structural steel, which in turn involves the use of all those numerous articles needed to get out these crude commodities and the consequent employment of labor. Building, more than any other industry, is far flung in its productive and creative effect upon our economic life. Under the classification of construction that of road building is a factor far more than ever before in our history. This is particularly true in the fashion in which it is absorbing the flotsam and jetsam of heterogeneous unemployment.

Iron and steel making is still full of business and proposed mergers hold both public and speculative interest and recall, after a mild fashion, those consolidations of 1901 when one was born every minute.

One of the little things of cheer is the story from the pine woods of the far South that the naval store industry, rosin, turpentine and the like, has lifted its head because of strong demand when it had been nearly forgotten for so long a time.

The story of sugar production during the last quarter of a century is an interesting mixture of human nature and its capacity for setting aside and getting away with the supposed immutable laws of economics. Cane sugar apparently was the natural product so far as climate and cheap labor were concerned, and if the principal sugar consuming countries, mostly situated in the temperate zones, wished to buy their sugar cheap they should let the tropics furnish it. But they did nothing of the kind and, instead, fostered the growth of the beet sugar industry by a protective tariff, and at times in Europe by payment of a bonus, until just before the war the world's output of sugar was almost equally divided between cane and beet products. The war put a crimp in the European production of beet sugar and gave a tremendous impetus to the cane product. Now beet sugar is coming back and will probably continue to do so regardless of the academic question as to

whether, all things being equal (which they never are), beet sugar can be produced as cheaply as the cane product. Probably the most interesting phase of the proposition is the development that a commodity, which a century ago was largely a luxury and practically unknown to many, is now among the primal necessities of life, to such an extent that its restricted use during the war was one of the severest of all the self-denials to a great many willing patriots.

It is also one of the many examples in human experience how the common sense of the many was a better guide as to the nature and extent of the true need and use of an article of food, with the usual exceptions, than much so-called scientific knowledge; for it is now recognized as one of the valuable food products when consumed within reason and moderation.

The production and manufacture of beet sugar in this country has become an agricultural and industrial business of large proportions, especially in the Far West. The annual output is now about 1,000,000 tons, about 25 per cent of our total national consumption, and from four to five times the production of cane sugar in this country.

Nation's Business Observatory

THE ANNOUNCEMENT by the Interstate Commerce Commission of a reduction in freight rates of approximately 10 per cent is received by the industry of the country with a general chorus of approval. Not even the papers devoted specifically to the transportation industry are finding fault.

As the *Railway Age* puts it:

"It is difficult to see how the railroads can do otherwise than accept the commission's decision to reduce rates."

But, says the *Age*, the railroads have a duty and a right to their own:

They should, however, make their assent of greatest value to themselves and the public. There is no reason, for example, why, in making it, they cannot point out that their coal traffic is conspicuous by its absence and that the Administration should take a hand in adjusting the situation. They should certainly express themselves about the activities—or rather the lack of activity—of the Labor Board with reference to the shop wages decision.

This periodical sees no occasion for the railroads to be unduly alarmed:

The decision calls for reductions of about 10 per cent, but it includes those reductions which have already gone into effect through previous formal orders. The public was asking for lower rates, and its getting them should have a salutary effect on business. It seems a sane guess that business will revive sufficiently to make up in tonnage what will be lost in revenue per ton. A "sane guess," of course, is not a certainty, but it will be more of a certainty if the coal and labor situations are ironed out with some degree of promptitude.

The *Railway Review* also looks for accelerated action on the matter of railway wages, saying:

Should wage reductions follow close upon the rate reductions, it is not presumed that railway executives will quibble over the order in which the deflation in rates and wages shall take place. If the Labor Board will not take the lead in this inevitable deflation, perhaps it will follow. If the deflation cannot begin at one point, then let it begin at another,

and by the time it proceeds all around, results and consequences will be essentially the same, if certain elements of deflation be not too long delayed. As we said some months ago, the demand for reduction of railroad rates has been insistent, and, in the long run, it is certainly justified. If the public and governmental authorities, upon whom no small responsibility lies in this question of deflation, will be just as insistent that reductions shall follow in other directions, but little harm, if not good, will be the outcome of this rate decision of the Interstate Commerce Commission.

Banking opinion is concerned perhaps more with the question of what is a fair return for the railroads than it is with the effect of rate reductions. On this point the *Commercial and Financial Chronicle* has this to say:

Necessarily, nobody can foresee exactly how much this cut will reduce revenues; the amount may be \$225,000,000, or it may be \$300,000,000, or possibly \$400,000,000. It is a pleasant conjecture that increased carrying will or may offset the cut, yet it is rudimentary that to increase the volume of non-profitable business cannot increase net revenue, but can wear out the plant.

The "fair return" on the investment specified in the Transportation Act is not specified in the Act itself. Some executives think it ought to be well above 6 per cent; the commission now calls it 5.75 per cent, but no rate at all is guaranteed. The carriers "are entitled to earn" the rate mentioned upon their actual investment. They may not, therefore, earn more, but nobody warrants anything, not even the \$21,000,000 which Mr. Thom says the roads obtained in 1920 as net operating income, or the 3.02 per cent which he says they were earning in 1921. From what source will come the net rate they are "entitled" to earn is a very practical question. It is improbable that they will gain much through a reduction of their fuel costs, which is third in rank in their expense list; they are not likely to save much off supplies, materials and miscellaneous, which stand as the second item in the list; there remains labor, and again and again it becomes clear that the crux of the whole subject is the labor cost.

Automobile Topics figures the saving to the business it represents as follows:

It is impossible to estimate closely what the effect would be, of course, but rough calculation gives the figure of \$35,000,000 as savings effected in freight bills for the balance of the year after the effective date, July 1. This saving theoretically would apply to the customer who always pays the freight.

To arrive at this figure it is necessary to premise rather broadly on several years' variables. Assuming that the output of 1922 will compare roughly with 1920, it is found that carloads shipped this year will be in the neighborhood of 251,000. In 1921 only 195,000 carloads were shipped. The loss in carloading was then approximately 28 per cent.

It was estimated that the freight bill of 1921 amounted to somewhere near \$66,666,666. To arrive at the 1920 freight bill is, on this basis, a matter of percentage, finally bringing the figure of \$82,775,000. This, less the proposed 10 per cent reduction, is reduced to \$74,497,500. Using 47 per cent as the equivalent remainder of the year subsequent to July 1, the estimated saving for 1922 is obtained.

No one can make direct application to the automobile business of the rate reductions since they are not based on classification but on percentages. But shipment experts have ventured the prediction that the savings effected in hauls to California, the "long run" condition, would be from \$15 to \$30 an automobile. To the east, \$5 to \$10 would be cut from the freight bill per car, it is indicated.

The fixing of the time for rate reduction as July 1 is arousing some interest as to what may happen to selling in the immediate future. On this point *Oil, Paint and Drug Reporter* makes a pertinent comment:

One temporary untoward effect of the freight rate reduction order seems to loom large in several industries; that is, the influence it will exert toward deferring shipments beyond the intervening month during which the higher rates will be in force. Such an effect must be accepted as almost unavoidable. But the extent of its detriment is not to be abnormally feared, because buying for immediate needs has long been the custom, and immediate needs will arise in June.

Even though buyers will balk at having goods shipped under rates shortly to be reduced, it does not follow that trading should be suspended during the intervening period. In fact, there is a plain incentive for pushing sales between now and July 1 with shipment after that date, so that the purchaser may benefit early from the cheaper transportation. A month is not a long time; no impracticable accumulation of unshipped goods is likely to result from four weeks of increased production, and it will pay to be ready, for the influence of the transportation costs cut will be certain.

The lumber trade is not so enthusiastic as some others. "Every little helps" is the phrase used by the *American Lumberman*, which speaks of the "intolerable burden" of freight rates. Then it adds:

Emphasis may be placed upon the fact that conditions in the lumber industry are steadily improving. Substantial and permanent prosperity is to be expected from sane buying, with speculation left out. Freight rates and rate changes are negligible as factors now, and lumber buyers will best serve their own interests and those of the industry as a whole by maintaining ample stocks at the same time that they keep lumber moving steadily into consuming channels.

A like note is sounded by the *Southern Lumberman*, which heads an editorial article "Better Than Nothing."

The effect of the Interstate Commerce Commission ruling in this industry is thus described by the *Iron Age*:

In the case of the iron and steel industry, however, the reduction now ordered represents far less than 35 per cent of the increases in freight charges placed upon the industry since the war started. There had been a number of advances in commodity rates when class rates were not touched, and in various ways the iron and steel industry has had its freight costs increased since 1913.

Freight charges to iron and steel producers at different points vary so much, and there is so much difference between the charges falling upon blast furnaces and upon self-contained works producing finished rolled steel products, that no averages can well be struck of the freight charges per ton of product that the iron and steel industry must pay. On account of the attractiveness of round figures, it has often been said that a typical Central Western blast furnace has had to pay of late \$10 in freights on raw material per ton of pig iron made, against \$5 in 1913. If the 10 per cent reduction now ordered fell upon the whole schedule of transportation charges, the decrease in the cost of making pig iron would be \$1 a ton, leaving a \$4 increase over 1913, but there are some items omitted.

"Betting on Prosperity" is the way in which the *Engineering News-Record* sees the reduction, and this is how it explains the phrase:

In announcing a ten per cent reduction in freight rates, the Interstate Commerce Commission is not so much contributing to a revival of business as it is betting that one is close at hand. It has turned down a rational policy of substantial reductions on the raw materials of productive industry and has elected instead to slash more or less blindly into railroad revenues, hoping to achieve somehow a vague "psychological" effect that may help business along its road to recovery. If it be indeed necessary to tap the meager earnings of the railroads for investment in American business at large, courage and prudence might suggest that the investment be made where it would do the most good, and not dissipated indiscriminately over luxuries and necessities alike. The commission has passed up a chance to perform a constructive service for American

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industry and business and has chosen to follow the easier way.

The *Electrical World* considers the reduction "an expedient of doubtful value," saying:

If they can operate and grow under the rate reduction, so much the better, but it is idle to expect any great demand for railroad securities paying perhaps 5 3/4 per cent and perhaps not, when better bonds paying more are procurable. It would have been far wiser to enable the railroads to get on their feet first than to curtail their incomes at this critical time. We want transportation; and, as Herbert Hoover has said, we want it with the values of private initiative and clean public service. To shake the confidence of the public in railroads as an investment, therefore, can mean only a dearth of funds, and if the railroads lack funds, business will discover that they will fail it when it needs transportation. High commodity and labor costs still plague the railroads, and to expect them to absorb any great loss in revenue due to lower freight rates is to expect the impossible. Our railroads have been kicked about and experimented with enough. It is about time that those skilled in transportation be given a freer hand and a little encouragement.

The Ebb and Flow Of Our "Millionaires"

IN A RECENT issue of the *Journal of the American Statistical Association*, Edward White, of the Income Tax Unit of the Treasury Department, makes some very interesting deductions as to the fluctuation of income in this country. Mr. White points out that a frequent habit of rating those having a net income of \$50,000 or more as millionaires, because \$50,000 is 5 per cent of a million, is ridiculous, since income is derived from many sources. The \$100,000 man of one year may be the \$10,000 man of another. Continuing, Mr. White says:

It would be interesting if we could see beneath the figures the changes in fortune of each of the individuals from year to year—how many remain constant in a given income class, how many rise from the lowest even to among the highest, and how many drop from the very high classes to insignificance. The casual reader may jump to the conclusion that returns, certainly in the higher income classes, are filed by the same people from year to year, with the exception that in some years there are a few more and some years a few less. How erroneous this conception is is clearly shown by the fact that, of the 1,240 individuals that reported net incomes of \$300,000 and over in one or more of the years 1914-1919 inclusive, only 137 or 11 per cent reported that amount in all of the years.

During the period 1914-19 inclusive there were 1,636 persons who in one or more of those years reported net incomes of \$500,000 and over. Of this group there were 1,240 whose returns for each of the years were available.

During the years of the Great War, as well as 1919, incomes were affected more violently because of the unprecedented economic upheaval than is general in normal times. However, some of the incomes that show the greatest variation were the result of causes other than conditions superinduced by the war.

It has been said that incomes in the United States fluctuate more widely from year to year than in any other country in the world. Among the many remarkable cases of income expansion is the group of 25 persons, each of whom for the year 1914 reported deficit, whereas, in 1916, 1 reported a net income exceeding one million dollars, and 9 reported incomes between \$500,000 and \$1,000,000.

In the group of 59 persons reporting in 1914 net incomes not exceeding \$10,000, 5 reported in 1916 net incomes in excess of one million dollars each. Still more spectacular is the

group of 104 persons who in 1914 reported between \$10,000 and \$25,000; in 1916, 4 reported in aggregate over \$27,000,000; 1 between \$1,500,000 and \$2,000,000; 2 between \$1,000,000 and \$1,500,000; and 10 between \$500,000 and \$1,000,000.

Of the group of 156 persons who in 1914 had incomes between \$25,000 and \$50,000, 1 in 1917 reported between \$2,000,000 and \$3,000,000; 3 between \$1,500,000 and \$2,000,000; 3 between \$1,000,000 and \$1,500,000, and 10 between \$500,000 and \$1,000,000. Of the 219 persons who in 1914 reported between \$50,000 and \$100,000, 1 in each of the years 1915, 1916, and 1917 reported over \$2,000,000; 2 in 1915, 1 in 1916, 2 in 1917, and 1 in 1918 reported between \$1,500,000 and \$2,000,000; and reporting between \$1,000,000 and \$1,500,000 were 4 in 1915, 6 in 1916, 1 in 1917, 1 in 1918, and 3 in 1919.

Of the 150 persons reporting in 1914 incomes between \$100,000 and \$150,000, 2 reported in 1916 incomes between \$2,000,000 and \$3,000,000; 2 between \$1,500,000 and \$2,000,000; and 8 between \$1,000,000 and \$1,500,000.

Each income class group presents similar cases of extraordinary income expansion. In the group of 57 individuals who reported between \$250,000 and \$300,000 in 1914, 1 reported between \$2,000,000 and \$3,000,000 in 1915; and 1, over \$9,000,000 in 1916.

Of the 98 persons with net incomes in 1914 between \$300,000 and \$400,000, 3 reported in aggregate over \$39,000,000 in 1915; 3 between \$1,500,000 and \$2,000,000; 2 between \$1,000,000 and \$1,500,000; and 14 between \$500,000 and \$1,000,000. In 1916, of this same group 5 reported in aggregate over \$24,000,000; 2 between \$2,000,000 and \$3,000,000; 6 between \$1,500,000 and \$2,000,000; 2 between \$1,000,000 and \$1,500,000; and 24 between \$500,000 and \$1,000,000.

The foregoing are perhaps the most unusual cases of sudden acquisition of large incomes. In each of the income classes there is a general rearrangement or curve extending through the higher classes, reaching the apex in 1916 and falling backward through 1917, 1918, and 1919.

As viewed either by aggregates or relatively as to 1914, the income of the group of persons who in 1914 reported less than \$100,000 shows the most remarkable expansion. As expressed by percentages the growth of net income of this class during the years covered herein shows the ratio to the amount reported in 1914 as 439 per cent in 1915; 886 per cent in 1916; 811 per cent in 1917; 586 per cent in 1918; and 632 per cent in 1919. None of the other income class groups shows even a close approximation to these figures.

The largest growth in any of the other income classes was in the group reporting between \$100,000 and \$300,000 in 1914, whose ratio in 1916 to 1914 was 276 per cent, whereas the lowest percentages of increase in net income for the various years over 1914 were recorded by the group of persons whose net incomes in 1914 were \$1,000,000 and over. In 1915 the ratio to 1914 was 107 per cent; in 1916, 129 per cent; in 1917, 118 per cent; in 1918, 76 per cent; and in 1919, 78 per cent.

Both in actual amount and in relative growth the persons in the lowest income group in 1914 likewise outranked any of the other income classes in the amounts reported in the succeeding years as having been derived from salaries and business ventures. This same group also shows a relatively larger yearly growth in income from investments as compared with 1914 than any of the others.

The remarkable rise in fortune of this group of individuals, as compared with the narrower fluctuation of incomes of the persons in the higher income classes, is indicative of the spirit of adventure, the seizing of opportunities, and the taking of chances by the average person, as against the conservative tendency of persons with larger incomes. As evidence of this the group in question reported incomes from business ventures and profits from sales of real

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estate, stocks, etc., in the following ratio as compared with 1914, 504 per cent in 1915; 874 per cent in 1916; 555 per cent in 1917; 527 per cent in 1918; and 669 per cent in 1919. The other income classes showed a markedly less relative increase of income from this source.

How Many Hours for the Steel Worker's Day?

THE solution of the problem of the twelve-hour day in the steel business which President Harding brought up at a White House Conference has been left with the American Iron and Steel Institute. Commenting on the task ahead of it, the *Iron Age* says:

The committee of nine should be able to obtain much valuable information from progressive, humane superintendents and from officials who have been superintendents. A man of this type, who has had long experience in one of the large steel companies, said to the writer a few days ago: "We ought not to pay the men less than we did in 1915. They cannot live comfortably on less. In fact, we must pay them the pre-war wages plus enough to cover the increase in cost of living. That would mean a basis of about \$3.60 per day of eight hours for common labor. It would take a few years, perhaps four or five, to educate the buyers to pay more for steel to bring this about, but within that time the American steel industry would be in a position stronger than ever."

Railroad rates have gone up and down, tariffs have been raised and lowered, and many other things have happened, but despite occasional periods of depression, the greatest American industry has progressed wonderfully in making iron and steel. The question before the industry today is whether the adoption of shorter hours would make better men. If so, no doubt there is an influential public sentiment in favor of paying the cost.

With all its complications—and they have been discussed in these columns from every angle—the issue of the three-shift day at iron and steel works largely sifts down to two questions:

1. Will the workers of the strong arm and strong back type, who have chosen blast furnace and steel works employment because their strength and endurance can earn more there than anywhere else be satisfied with the pay of other common labor employments?
2. Will the consumers of the products into which steel enters be satisfied to pay for the very considerable increase in cost? This last is really the crux, at least the economic crux, of the whole problem.

Would an Automobile by Any Other Name Sell Better?

THERE'S a lot in a name. At least Henry Ford thinks so. The authority is Richard Spillane in the *Public Ledger*:

After Henry Ford had agreed to take over the Lincoln Motor Company, he and Henry M. Leland chatted quite a long time.

"Mr. Ford," said Mr. Leland, "why did I fail? I put into the Lincoln car the best that was in me. I wanted it to be the high achievement of my career as an automotive engineer. So far as I am aware, I overlooked nothing. And yet I failed. Can you tell me why?"

"Mr. Leland," said Mr. Ford, "you erred at the very start when you selected the name of your car. We here in America have capitalized the names of our Presidents and other great men in a business way until they are meaningless. We have a coffee named for a President and a collar named for another and a tire for another. The name of Lincoln is used by concerns from banks to laundries.

"The name 'Leland' would have carried its own story to the people. The name 'Lincoln,' so much overused in business, did not."



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Standard Forms for Credit Letters

BY WILBERT WARD

*Chairman, Commercial Credit Committee,
American Acceptance Council*

WHAT does it mean for American business to be able to announce that the work which has been undertaken by various banking and mercantile bodies to bring about the standardization of commercial letter of credit forms and practices is now in its final stages, and that the report of the Commercial Credit Committee of the American Acceptance Council, which has had the general direction of the movement, is ready for distribution?

To visualize the significance of that announcement one must consider that in every trade between parties at a distance from each other the seller has two problems to consider. He must determine in the first place whether he has sufficient capital or credit to tie up during the period that the goods are in transit to the buyer; he must decide, in the second place, whether the buyer's promise of eventual payment affords sufficient security to justify him in transporting the goods to the buyer, and perhaps surrendering them to him, before they are paid for.

If the answer to either of these questions is negative, the seller must demand cash with order, unless he can make some other proposition which meets his requirements but nevertheless enables the buyer to utilize the goods as security, and to postpone the liquidation of his obligation to pay for them until he has had an opportunity to receive and resell them.

Let us say, for instance, that an importer in Smyrna feels that he can sell American sugar or cotton sheeting in small lots to local Syrian merchants and cables an American exporter for quotations. Having in mind the disturbed political and economic state of the Near East, what sort of vehicle can be devised to give the American seller the protection he requires, give the Smyrna importer the credit required, and throw on American banks, whose resources surpass those of the rest of the world combined, the burden of financing the transaction during the several months that must intervene between the departure of the goods from our shores and their delivery against payment to the local Syrian merchants?

The instrument by which such a transaction is financed at less cost and with greater security than by any other method that has been devised is the banker's commercial letter of credit. To secure such a credit, the buyer turns to his local bank, which is in better position than any merchant to judge, not simply whether the buyer is good for the risk but whether, in the broader credit aspect, the general situation appears to justify him in embarking on the transaction.

If his bank approves, it turns to its correspondent in the United States, which is likewise in a better position than any American merchant to determine whether the foreign bank is deserving of credit and whether the general situation justifies granting it. If it also approves, the American bank will place in the hands of the seller a written instrument, authorizing the seller to draw in accordance with certain terms and stipulating in legal form that his bills so drawn will be honored.

An instrument by which a bank gives formal evidence of its willingness to undertake this class of operation is what has come to

be known as a banker's commercial letter of credit. It is, in practical effect, just one step beyond the banker's acceptance, because it is a promise that bills to be drawn in the future will be honored.

We have become so accustomed to uniformity, as applied to banker's acceptances, and to all other forms of bills and notes, that it is difficult to conceive how business could be done otherwise. Of course, the present volume of business would not be, but for uniformity of negotiable instruments, which is indispensable today. This uniformity was not inherent, but has come only as the result of centuries of incessant labor, started by Lord Mansfield in the English Court of King's Bench in the middle of the eighteenth century, crystallized by the British Bills of Exchange Act and the American Uniform Negotiable Instruments Law, and constantly fortified against attrition by amendment and differing judicial interpretation through the efforts of the Commissions on Uniform State Laws and by the unremitting support of the American Bar Association.

Oddly enough, the commercial letter of credit, although its origin dates back to the same period which produced the bill of exchange, has suffered some centuries of arrested development. As a result, when it was found to be particularly well adapted to the financing of the tremendous volume of foreign trade which the World War brought to our doors, it was widely used without being well understood.

A Severe Test

THE business depression of 1920 naturally brought the American commercial credit to its first severe test and quickly disclosed that the lack of uniformity of instruments and practice had placed our credit-opening banks in a position in which the substantial fulfillment of their obligations, despite technical consideration, created grave issues with country banks or importing houses. It was obvious that this situation, if permitted to continue, would destroy the very confidence upon which letter of credit business must rest. We would either be forced back upon the primitive and wasteful basis of cash dealings, or, more likely, foreign trade would return to pre-war channels and would be financed by the foreign banks, which had handled fully 95 per cent of our own commercial credit business prior to 1914.

The seriousness of this situation was apparent to the American bankers who had been foremost in leading the movement to establish us in our proper role as not simply the supplier but also the financier of the world's trade. In the fall of 1920, Paul M. Warburg, the former vice-governor of the Federal Reserve Board; Fred I. Kent, vice-president of the Bankers Trust Company and, during the war, director of foreign exchange of the Federal Reserve Board; E. R. Kenzel, deputy governor of the Federal Reserve Bank of New York, and Joseph A. Broderick, vice-president of the National Bank of Commerce, met to discuss how it was to be approached.

They were agreed that it was absolutely impossible to depend upon judicial interpretation of the various issues which were then in controversy to smooth out the difficulty and point the way to a more uniform commercial letter of credit practice. It was felt also that it would take altogether too long to seek to follow the course which had been pursued in connection with bills of exchange by instituting a campaign for the adoption of a uniform commercial letter of credit act in each one of the states of the Union. Because of

B

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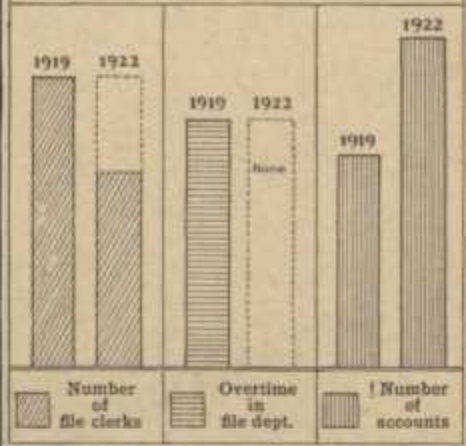
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the fact that the commercial letter of credit was used largely in international transactions, such a movement, even if carried to completion, would only complicate the situation. Moreover, it was found that there was a dearth of information both abroad and here as to the fundamental nature of the commercial letter of credit and a diversity of practice so great that it was apparent that some fundamental studies would have to be made to afford a basis on which to build any program for the unification of commercial letter of credit forms.

The program finally decided upon was to procure the cooperation of the Division of Analysis and Research of the Federal Reserve Board, which was gladly given by Dr. H. Parker Willis and his assistant, Dr. George W. Edwards, through the medium of a questionnaire directed to American banks and merchants. The work of drafting standard commercial letter of credit forms was then placed in the hands of the bank officials who were actually engaged in handling such transactions.

These men analyzed the instruments of the leading international banks and the result of the questionnaire and from this material prepared tentative forms and regulations which were submitted to mercantile organizations for comment. The conclusions which were agreed upon and the controversies which developed were then subjected to analysis by the students of the technic of foreign banking and foreign trade, and tested from the legal aspect by bank counsel.

The report of this committee proposes that banks shall substitute, for their myriad forms of credit agreements, instructions and advices with varying phraseology which may or may not have a legal or practical significance, standard forms which employ a uniform phraseology. This phraseology can quickly come to have a customary interpretation. Any legal decisions which involve it will become precedent for the guidance of all, and the adoption of a common policy will render it possible to determine its fairness by experience and alter it generally if it proves unsound. The committee has, to secure the full benefit which flows from uniformity, regarded it as essential to outline and recommend a comprehensive set of commercial credit forms which provide a standardized practice, simple enough to be readily comprehended by merchants and bankers who deal only occasionally with commercial credits, yet comprehensive and flexible enough to be adaptable to any customary commercial credit transaction. The American Acceptance Council has recommended the adoption of these forms and practices effective July 1, 1922.

It is, of course, appreciated that however well considered any report which attempts to encompass within two years of study the progress which, if left to normal processes, would take several centuries, must necessarily develop defects when put into practice. It is, however, felt that the most effective way to secure the benefit of the studies which have now been completed is for American banks to adopt the practice at present outlined and to reserve for future settlement, as they appear in actual operation, the solution of the further problems which will undoubtedly arise.

A Token of Friendship to Brazil

THE United States Committee for the Brazilian Centennial Memorial, of which John L. Merrill is chairman, C. A. Richards, vice-chairman, John H. Allen, Treasurer, and Leslie E. Freeman, secretary, is making a

strenuous effort to raise the remaining sum of some \$20,000 necessary to cover the expense of a fine bronze monument of friendship for presentation to the people of Brazil.

Brazil is celebrating the one hundredth anniversary of her independence, beginning September of this year, and the celebration promises to be on a scale seldom approached in this hemisphere. The American chambers of commerce in Brazil are taking a prominent part in raising the funds for a lasting memorial gift, and it is in cooperation with those organizations that the United States Committee is working. Mr. Deftrees, as president of the National Chamber, addressed to the committee the following letter:

With regard to the endeavors of the United States Committee for Brazilian Memorial, of which you are chairman, I desire to express sympathetic interest in the movement to give a fitting expression of the friendly spirit of the United States toward the Republic of Brazil.

I should like to call to your attention the following resolution, which was adopted by the membership of the Chamber of Commerce of the United States at the Ninth Annual Meeting, in April, 1921:

"In 1922 Brazil will celebrate the one hundredth anniversary of its independence. The celebration which has been planned includes an exposition, in which other countries are invited to participate. In recognition of this anniversary in which our country has much sympathetic interest, and with the same cordial feelings of friendship Brazil has displayed by participation in celebrations of our national anniversaries, our government should at once consider the advisability of erecting an American building at the Brazilian exposition and American manufacturers and merchants should arrange representative exhibits."

The presentation of a lasting memorial on the part of business men of the United States in connection with this great centennial celebration will be particularly appropriate. I hope that your committee will meet with a hearty and cordial welcome and support by business men in the United States, evidencing the feeling of respect and genuine friendship for Brazil which unquestionably exists here.

This committee offers to friends of Latin-American countries an opportunity to give a tangible expression of their friendship for one of the greatest of the Latin-American Republics.

France and the Tourist

THE French Government, in the interest of facilitating travel to France, has established an Official Bureau of Tourist Information in New York City, under the name of Office Francais du Tourisme, in the Canadian Pacific Building, 342 Madison Avenue. In a circular just issued from this office, M. J. Perret, the director, states that a great deal of misinformation, prejudicial to travel to France, has been spread in this country, and requests that any traveler desiring facts about taxes, hotels, transportation, including motor-ing, etc., communicate with his office. A statement issued by this French Government office says:

The impression is frequently created that the American tourist is going to find in France some kind of organized conspiracy against his own pocketbook.

It goes without saying that extravagant people, obviously seeking to show off and squander money, will have in France, as in any other country, many opportunities to do so. They will find cabarets and road houses charging their patrons very exorbitant prices, just as some such places in America do. No one needs to go there, and certainly no one should consider their prices as anywhere near the standard cost of living in France.



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*A small sample will be furnished free of charge. The
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During the last few months many concerns have installed the *Sperry* Service, and are now enjoying the increase in business which it automatically brings.

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Corydon's Dept. Store, Chicago, Ill.

Peoples Warehouse, Inc., Pendleton, Ore.

Sam A. Caldwell Co., Knoxville, Tenn.

Caheen Bros., Birmingham, Ala.

C. & C. Dept. Store, Fort Dodge, Iowa.

Price & Company, Roswell, N. Mex.

Note that these merchants are located in many sections of the country. The *Sperry* Service is nationally known and nationally endorsed.

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Log of Organized Business

THE 10 per cent freight rate reduction just made by the Interstate Commerce Commission is a step in the right direction, in the opinion of Julius H. Barnes, newly-elected president of the Chamber of Commerce of the United States. Regarding the freight cut, President Barnes says:

The freight rate reduction proposed by the Interstate Commerce Commission is undoubtedly a step in the right direction, bearing in mind always that a solvent operating condition must be preserved in our railways. The Commission apparently proceeded on the theory that a reduction in rates would so stimulate tonnage movement that even if operating costs could not be further lowered, railway revenues would probably not suffer.

One must recognize that theories, until proved correct, are a dangerous foundation for business policies, but the trend of revival in business is so clear and the opinion so generally accepted that a reduction in transportation costs would further stimulate business recovery and development that it is probably entitled to a trial. One could, nevertheless, hope that a fair and just revision of the item of labor costs in railroad operation will follow. Railroads must face the question of renewal and expansion of equipment, for if the business revival now clearly under way extends as one has a right to hope, then we shall shortly be menaced with the restriction of insufficient railroad equipment. The general public has forgotten, but business men have not, the extraordinary shipping difficulties of 1919 and 1920. Under those conditions business would gladly have paid any rates, within reason, if it could have produced quickly enough the additional equipment urgently needed to care for business then offering to the roads.

One can recognize the many technical difficulties of the commission, but could also wish that there were a more scientific basis for revision of rates than the horizontal discount. The basis of rates between various commodities is, after all, a matter of human judgment, and the experience in actual operating and actual commodity movement should be utilized to correct inequalities in relation between various commodity rates, instead of proceeding more or less blindly on a horizontal decrease, which may bear unjustly on some commodities, with unfavorable effect on their movement and at the same time unfairly relieve other commodities of their share of transportation burden which they could well assume.

Warehousing Reforms

MEANS OF simplifying warehousing methods were discussed recently by about fifty representative warehousemen at a conference held in Washington under the joint auspices of the United States Department of Commerce and the Domestic Distribution Department of the Chamber of Commerce of the United States.

Regarding the conference, the Domestic Distribution Department has this to say:

Evidence had accumulated that warehousemen for many years have been struggling with a multiplicity of printed forms intended for the same purpose and that the situation had become so aggravated that some means of relief must be discovered. Both the warehousemen and their customers found themselves deeply involved in the problem. Shippers complained that to do business with 100 warehouses meant that they must do business in 100 different ways, which manifestly is intolerable if there can be found any means of simplification. Another trouble of equal magnitude was threatened by the growing insistence of large shippers that in handling their business only their forms could be used. This

would multiply the difficulties already in existence.

Attempts to alleviate this malady in the past had not succeeded because of the absence of a combining medium, now discovered in the Domestic Distribution Department of the National Chamber, resulting in the appointment of a committee to consider definitely the simplification of warehousing forms and practices and to recommend their conclusions for adoption. In the course of its work this committee will consult all the interests which might be affected and their final report will reflect not only the wishes of warehousemen but the needs of their customers and agents.

We call particular attention to this meeting because it offers a simple method for the solution of many trade difficulties.

New Commissioner Sails

BASIL MILES has sailed on the *Adriatic* for his new post as American Administrative Commissioner at the headquarters of the International Chamber of Commerce, at Paris. Mr. Miles succeeds Frederick P. Koppel, who resigned to become connected with the Russell Sage Foundation.

The International Chamber of Commerce which was created two years ago with five countries in its membership has now become international in scope. The present roster of active members includes: The United States, France, Great Britain, Italy, Belgium, Holland, Sweden, Norway, Denmark, Poland, Czechoslovakia, Austria, Spain, Argentina, Luxemburg and Japan.

Business men of Canada, Australia, Morocco, Indo-China, Jugo-Slavia, Switzerland, Greece, Roumania, China and the South American countries are now at work on the preliminary steps necessary to build up the national organizations representing finance, industry and commerce which must form the basis of active participation in the work of the International Chamber. Under the statutes, invitations to Germany, Soviet Russia, Hungary and Mexico must await eligibility to membership in the League of Nations.

As Others See Our Tariff Bill

REACTIONS continue to come in from business organizations in foreign countries concerning the pending tariff legislation in the United States. Through the International Chamber of Commerce headquarters at Paris, the Chamber of Commerce of the United States has received indications that the Chamber of Commerce of Paris has asked the French Government definitely to protest against features of the administrative sections of the tariff. The French merchants protest that it appears to be the aim of American legislators to impose requirements for the inspection of the intimate records of foreign companies to an extent which the United States Government would not tolerate on the part of any foreign country attempting it in the United States.

Another comment that has just come into the National Chamber is from the Association of New Zealand Chambers of Commerce. That association has addressed directly to the Chamber of Commerce of the United States the following letter:

At the conference of New Zealand Chambers of Commerce, held in Christ Church on 23d and 24th November last, the matter of the high tariff imposed by the United States of America on New Zealand primary products was the subject of discussion, and I was directed to convey to you the following resolution, which was adopted by the conference:

"That this conference regrets that the United States of America has deemed fit to impose a prohibitory tariff on New Zealand primary products, and recommends all New Zealand traders that they take up this matter individually with American traders with whom they have dealings; and that a copy of this resolution be forwarded to secretaries of the principal chambers of commerce in the United States of America."

I need hardly point out that the position is that New Zealand is a considerable purchaser of manufactured products from the United States of America, and its export trade is primarily in agricultural products such as wool, frozen meat, cheese and butter. It is the almost unanimous view among business men in New Zealand that the high tariff imposed on New Zealand exports is making trade with the United States of America almost impossible.

It is felt that such a tariff is not in the interests of either country, and I was respectfully asked to seek the cooperation of chambers of commerce in the United States to see if some action cannot be taken to ameliorate the conditions under which New Zealand's products are admitted into the United States.

Yours faithfully,

(Signed) H. D. VICKERY,
Secretary.

Profits from Waste

THE UNITED STATES is rapidly passing into an era of production where the profits of tomorrow will be made from the wastes of today, in the opinion of E. W. McCullough, manager of the Fabricated Production Department of the National Chamber of Commerce, as expressed recently before the Engineers' Club, of Baltimore. Continuing, Mr. McCullough said:

About two years ago, in setting up a program for the newly formed Fabricated Production Department of the Chamber of Commerce of the United States, we placed prominently, in the list of its activities, elimination of excess varieties and standardization. In dealing with the first half of this activity, we contemplated only an economic operation such as was performed during the late war by the War Industries Board in conserving capital, labor and transportation by arbitrarily commanding the manufacturers to reduce their sizes, styles and kinds to a minimum—with this difference, however, by substituting, for arbitrary power, cooperation.

In most instances excess variety has resulted from lax management in permitting the sales organization to dominate in the making of production schedules, such mistakes not infrequently occurring in times of business depression when orders are greatly needed. It is easy to yield to the importunities of salesmen and customers to make a few slight changes to help us scoop the trade but which often only add one more item to tie up capital, slow up turnover and reduce profits. The factory superseded the shop because of its ability to produce at low cost volume, and it will revert to the shop status as its efficiency is destroyed by attempting to produce in it innumerable varieties. The shop will always be a convenience to those who want something special or individual and are willing to pay for it, but the great mass of people in the use of thousands of commodities common to living costs will prefer what is standard, if they are not misled by fallacious doctrines of short-sighted salesmanship. The play upon vanity to buy only so-called distinctive kinds has not brought the happiness claimed, but has reduced the volume of purchasing materially.

The shoe industry is typical of style run riot—even the small stores carry innumerable varieties but few of each kind; consequently, stocks are always broken by a few sales and the overhead in carrying charges continues to mount up. During the war the Government

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BUSINESS STUDIES

A number of pamphlets are available for distribution to the below a list of some of the booklets. One copy of each will be sent free on request. A nominal charge amounting to the cost of printing will be placed on additional copies.

Our World Trade—January to September, 1921.

Free Zones—What They Are and How They Will Benefit American Trade.

International Credits—Reference No. 1, issued by the International Chamber of Commerce on the application of the Tariff Union Plan.

Fabricated Production Department—Its service to those engaged in manufacturing and production.

The Railroad Situation—Statement of Secretary of Commerce before the Interstate Commerce Commission.

Trade Association Activities—Correspondence between Secretary of Commerce Hoover and Attorney General Daugherty on Legitimate Activities of Trade Associations.

Overhead Expenses—A Treatise on How to Distribute Them in Good and Bad Times.

Depreciation—A Treatise on Depreciation and Production.

Reduction of Merchandising Expense—Methods which Distributors Are Applying to Ease the Process of Readjustment.

Promoting Foreign Trade—Foreign Trade Work of Commercial Organizations.

Why a Merchant Marine—Streamlined ships, presently owned by the government, are a national necessity.

Railroad Questions Before Congress—Testimony of Railroad Property Owners.

Chamber of Commerce of the United States. There is given below a list of some of the booklets. One copy of each will be sent free on request. A nominal charge amounting to the cost of printing will be placed on additional copies.

Merchant Marine. National Chamber's Position—Report of Chamber's Committee.

Industrial Development—Activities undertaken by Chambers of Commerce.

German Competition—Movement of trade as indicated by official statistics.

National Chamber's Civic Work—Purposes of the Civic Development Department.

Perpetual Inventory or Stores Control—How to keep inventory in materials and supplies down to the minimum consistent with efficient operation.

National Obligations to Veterans—The costs of war loans to the States and the government.

Treaty Ratification—Report of the Committee on Foreign Affairs regarding ratification of the several treaties of the Conference on the Limitation of Armament.

Department of Commerce and Trade Associations. Conference of Representatives of Trade Associations With Secretary of Commerce.

Merchandise Turnover and Stock Control—Knowing what is taking place, while it is taking place. Study by Domestic Distribution Department.

Analysis of the Senate Tariff Bill—Showing wherein it makes or fails to meet the tariff policy of the Chamber of Commerce of the United States.

compelled the reduction of seven shades of tan shoe leathers to two, but now that this restraint is off, women send samples of dress goods to their shoe dealers to have them matched in shoes; is it, therefore, any wonder that the low cost of hides is no longer a factor in judging shoe costs?

Other lines of personal wear commodities are suffering from the same cause, from which there seems to be no relief until individual budgeting of expense or counting the cost becomes more popular than now.

However, in many directions great progress has been made, for drastic cutouts of varieties have been made in farm implements, pipe and fittings, paper, stoves, hammers, hatchets, axes, taps and dies, vehicle wheels, brick—both common and paving—beds, pocket knives, tiles, bicycles, shotgun loads, vegetable and fruit containers, etc.; in fact, over 300 lines have been analyzed.

A recent meeting of architects, engineers and contractors gave their approval to a program of elimination and standardization of the principal lines of building materials. It is to be noted also that the projected National Construction Council, which will attempt to correlate all construction interests, have listed standardization among its important activities.

Mr. Hoover's latest move has been to call upon the American Engineering Standards Committee to get in touch with engineering forces in all lines and make an inquiry into this waste from a fundamental engineering standpoint and report.

We are facing conditions both in our domestic and foreign trade that warrant our concern in the reduction of our production costs, at least through the simplification of varieties, to the end that our manufacture may be more economical in the employment of capital, labor and transportation; also that service to the consumer may be improved.

Distribution Methods Changing

DISTRIBUTION was discussed by Alvin E. Dodd, manager of the Domestic Distribution Department of the Chamber of Commerce of the United States, before the National Wholesale Grocers' Association in session recently at Chicago. Mr. Dodd said:

We have become so accustomed to regard distribution as divided among producers, wholesalers (including jobbers) and retailers and to regard each of these branches as selling only to those standing next to them, that it comes somewhat as a check to discover that manufacturers are selling direct to retailers and direct even to consumers and that wholesalers occasionally also sell direct to consumers.

In conversation a few days ago with the general sales manager of a large manufactory which necessarily performs its own wholesale functions, he emphasized the need of a more enlightened relation between the wholesaler and the retailer. His company was actually forced into the wholesale field because of their need for a closer contact with the retailer than could be procured through the ordinary channels of trade; that is, through the middleman. Of course, it was a somewhat selfish view, but also all business must be somewhat selfish in order to be successful, and in point of fact, according to this informant, his selling organization is quite as expensive as if his goods were sold through wholesalers; but he is able to educate retailers in the extension of their trade which acts as a direct increase in his own sales. And their effort today is to persuade the retailer that goods bought by a purchaser who enters a store for that purpose, should not fall within the category of "sales" but rather the filling of orders.

Southern Secretaries Meet

THE Governor of Tennessee, the president of the University of Tennessee, speakers from Vanderbilt University, from the American Forestry Association, and from various

chambers of commerce appeared before the fifteenth annual convention of the Southern Commercial Secretaries Association, held at Nashville, Tenn., from May 1 to 4.

From Governor Taylor's strong argument in favor of the Muscle Shoals development to papers and discussions on the chamber of commerce as a central community organization, emphasis was laid upon the necessity for agricultural development as the prime essential of southern prosperity.

Approximately one hundred southern secretaries and a number of city managers and business men attended the meeting at Nashville, the attendance being cut down by floods in the Mississippi Valley. The Southern Commercial Secretaries is the oldest organization of its kind in the country in point of continuous service. While the secretaries of the organization have moved from city to city at various times, they have invariably remained in the south, and as a consequence the membership of the Southern Association has a common sympathy for and an understanding of the problems of each section.

Addresses by President Morgan, of the University of Tennessee; Dr. J. G. Dyer, of Vanderbilt University, and O. M. Butler, of the American Forestry Association, dealt particularly with the work of chambers of commerce in agricultural development.

Problems connected with the technic of commercial organization work were discussed by several speakers and included addresses on Members' Forums, Junior Organizations, Community Chests, the Women's Bureau, Diversified Industrial Development, Foreign Corporations and Chain Stores, and about the Secretary from the Standpoint of the Man, His Profession, His Equipment, and His Authority and Responsibilities.

The entertainment provided for the delegates was extensive and included a barbecue, a reception and dinner at Ward-Belmont College, automobile trips and a concert by the Jubilee Singers of Fisk University.

Economics—and Business

WHAT is said to be the first comprehensive organization ever established in this country for coordination between business organizations and a university has been devised by the joint action of the Board of Directors of the Providence, R. I., Chamber of Commerce and the Faculty of the Economics Department of Brown University in formulating what will be known as "The Brown Bureau of Business Research." Other American universities have established departments for the study of business methods, but in every instance their management is entirely by the university authorities and without the opportunity for benefits based on the actual experience which will be true of the new joint bureau.

The Board of Directors of the Providence Chamber and the Faculty of the Department of Economics of Brown University have both adopted the recommendation set forth by the Special Committee appointed by President Everett E. Salisbury, of the Providence Chamber of Commerce, to consider the idea. This Special Committee was composed as follows: Charles T. Howard, chairman; Clarence A. Cotton, secretary; Arthur L. Philbrick, Theodore B. Pierce, William L. Sweet and Byron S. Watson. After its first two meetings the task of drafting a formal report was delegated to the general secretary of the chamber and Professor Ralph Eastman Badger, of the Department of Economics of Brown University. The plan, as set forth in the committee's report, has been unanimously adopted by the Board of Direc-



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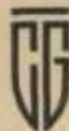
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The services and advice of our Engineering Department are always at your disposal in redesigning castings into pressed steel. If you will send us samples or blue prints of any cast parts together with information about the use of the parts, we shall be glad to tell you, without obligation, whether or not "pressing it from steel instead" will give a better job at lower cost.

tors of the Chamber and by the Faculty of the Economics Department of Brown.

The report says that the prime object of the bureau shall be "to establish closer relations between said department and the industrial, commercial and financial interests of Providence and Rhode Island with the idea of serving the welfare of all concerned."

The Department of Economics will undertake to perform its share of the proposed coordination as follows:

(a) By offering the facilities of said department to carry on research in regard to specific problems.

(b) By giving the advice and services of its teaching staff in the solution of specific business problems, upon the request, when properly submitted, as hereinafter provided.

(c) By issuing periodically bibliographies and digests of important books and articles dealing with business subjects.

The chamber is expected to perform its part in the cooperative work of the bureau, roughly speaking, as follows:

(a) By furnishing men from time to time to address classes on topics of practical interest to students.

(b) By furnishing material of practical interest for use in advanced courses (identity of concern furnishing to remain confidential).

(c) By offering suggestions relative to placing graduate students in economics in suitable positions.

It is expected the new bureau will be of great assistance to students who are candidates for the Master of Business Administration Degree recently authorized by Brown University, and graduate students will cooperate in the work of the bureau when called upon to do so in connection with work in advanced courses.

A Victory for Par Collection

PAR REMITTANCE for checks has been something of an issue, especially among state banks in the South. The question has been whether or not these banks, when receiving from a federal reserve bank checks drawn upon them by their depositors, can make payment with a draft for an amount less than the face by an exchange charge, usually ranging from one-tenth to one-fourth of one per cent. Eight states have enacted legislation which purports to support their banks in making exchange charges.

One of these states was North Carolina. After the North Carolina legislature had taken this action, a number of banks which are organized under the state law, and are not members of the Federal Reserve system, started proceedings in the state courts to enjoin the Richmond Federal Reserve Bank from refusing to accept drafts for amounts decreased by such a charge when the Reserve Bank had checks presented at their counters, and from protesting checks for non-payment when such drafts were refused by the Reserve Bank.

This case has now been decided by the North Carolina Supreme Court. That court held that the Reserve Bank, in order to discharge efficiently its functions, must be able to collect checks and other instruments which are ordinarily used to make settlement of accounts and transmit funds, that it was properly authorized to receive checks drawn upon non-member banks, and that it was expressly prohibited from permitting any discount to be deducted from the face amount of checks which it held for collection. The court said the Reserve Bank has no alternative, when par remittance is refused by mail, except to demand payment of the face amount

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over the counter in legal tender. From the obligation to pay the face amount over the counter in legal tender neither North Carolina nor any other state can, without violation of the United States Constitution, release a local bank. The Reserve Bank, being a federal corporation regulated by Congress, must follow the direction of Congress. Following that direction, and being unable through use of the mails to collect at par, the Reserve Bank can make personal presentation at the counter and refuse anything less

than the full face amount, or anything else than legal tender money.

This decision would seem to mean that, when a non-member bank in North Carolina refuses to remit by mail for checks sent it through the mails by the Reserve Bank, the Reserve Bank may properly arrange for personal presentation at the drawee bank's counter and refuse to accept drafts or any other form of payment except legal tender, the amount to be 100 per cent of the face value of the check so presented.

Foreign Traders Optimistic

National Convention in Philadelphia Suggests Policies and Ways and Means for Continued Expansion

THE Ninth National Foreign Trade Convention took place in Philadelphia May 10, 11, and 12, and from many points of view is considered by the National Foreign Trade Council, under whose auspices it was held, as highly successful.

At this convention there was much of the spirit of "now is the time" that had marked the annual meeting of the Export Managers' Club of New York in its compact little foreign trade convention a few weeks earlier in New York. The export publications that issued special daily editions during the convention breathed a more optimistic atmosphere than marked the convention at Cleveland a year before. There were plenty of manufacturers and merchants and export managers who were telling about good new orders and improved prospects reported from many parts of the world who were not eyed askance and viewed as whistling to keep their courage up. There were plenty of these exporters who agreed that things are on the mend, and that now is the time to pitch in and compete for all you're worth with the conviction that you can meet competition and get business in the world if you are prepared to stay in the business and do some good exporting of a good product. The last words of the final declarations of the convention were:

The conditions confronting our foreign trade today demand increased effort to expand our commerce against increasing competition. This is no time to relax effort just when foreign markets are recovering their ability to consume and our foreign competitors are increasing their ability to produce and their selling activity in all fields. Our foreign trade has suffered in the past through lack of persistent effort to hold and develop fields in which a footing has been gained. This is the time above all for activity, courage and persistence. It is peculiarly essential to remember that it will cost much more to regain in the future a business lost now through lack of courage and tenacity.

James A. Farrell, head of the National Foreign Trade Council, was as energetic as ever in carrying through the activities of the convention. Mr. Farrell is one of the country's outstanding advocates of support for an American merchant marine, and undoubtedly the country's greatest patron of foreign trade education. Both merchant marine and foreign trade education were prominent on this year's convention program, and Mr. Farrell again was able to give impetus to these two important features of our national equipment for doing foreign business.

The third general session of the convention featured the American merchant marine, W. J. Conlen, of Philadelphia, making the opening address on that subject. He spoke for

greater coordination between the railroads and steamship lines, for the Shipping Board and the Emergency Fleet Corporation to cease to function as owners and operators, and declared "the period of blind opportunism and muddled procedure is past. The time for a policy of clearly defined outlines has arrived." He urged government help in the shape of direct and indirect aids. Charles R. Page, of New York, discussed the factors in marine insurance rate fixing. J. L. Ackerson, of Chester, Pa., discussed shipbuilding prospects, and W. H. Stevenson, of Pittsburgh, Pa., talked about the dependence of our foreign trade on the improvement of our internal waterways.

One of the group meetings, likewise, was given up to shipping, including another talk on marine insurance by Mr. La Boyteaux, of New York, but for the most part concentrated on the Hague Rules. Charles S. Haight, of New York, presented the case for the Rules in his characteristic vigorous fashion; C. B. Heinemann, of Chicago, argued against the Rules from the shipper's viewpoint; Benjamin Rush, of Philadelphia, presented the underwriter's view, and W. H. Stayton, of Baltimore, gave the carrier's view. The Final Declarations of the convention on this subject said in part:

The chief requisite for a successful American merchant marine is support by the American people. The greatest obstacle in its way is the lack of loyal preferment by our shippers and travelers, service, rates and accommodations being approximately equal. By selling C. I. F., and buying F. A. S., they may control routing by American steamers. . . . In the pending national discussion of the practical solution of our merchant marine problems, due consideration should be given to the relief from inhibitions and restrictions, which are largely responsible for present high costs of operations, so that any burden assumed by the government may be minimized, foreign reprisals averted and cumbersome machinery of accounting avoided. . . . One special handicap now borne by American ships is the greater capital cost of vessels built prior to the recent reductions.

This is due to the tax policy of our government, which has not allowed depreciation corresponding to the fall in values since the war. Our chief competitors, however, have been permitted to write down the value of existing ships to an average materially below ours, with consequent substantial reduction in capital charges.

The Final Declarations give a hearty endorsement to the development of American marine insurance, commend the enactment by Congress of the model insurance law for the District of Columbia, and urge upon the various states the prompt adoption of measures in conformity with it. The Hague Rules as such were not mentioned in the



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tation, the Final Declarations said in part:

We urge the necessity of bringing about an adjustment between the costs of railroad transportation and other expenses of production. . . . Inland navigable waterways are reducing transportation costs. Such projects as have been approved as part of a comprehensive system of inland navigation should be completed without further unnecessary delay. The Government's demonstration of the feasible economy of inland waterway transportation through the Mississippi Warrior Barge Line should be completed, and then turned over to business enterprise.

On the matter of foreign trade education, the convention got a flying start by reason of the Second Public Conference of Training for Foreign Service, under the auspices of the Bureau of Education of the Department of the Interior, which took place in Philadelphia the day before the Foreign Trade Convention opened. In the convention the subject of foreign trade education this year was taken up from a different standpoint than is ordinarily the case—"Public Education for Greater Foreign Trade," with E. H. Huxley, of New York, chairman of the Foreign Trade Council's active committee on this subject, presiding and making the introductory speech. The subject was further elaborated by President Atwood, of Clark University, Worcester, Mass., and Dr. R. S. MacElwre, director of the Georgetown University School of Foreign Service, Washington.

Education—Broadened

IN former years the education meetings have been quite largely a matter of discussion of training American youth to occupy the foreign trade positions in an export or import business. This year the discussion was on the broader plane of the need of educating the American public to the importance of foreign trade. James S. Alexander, president of the National Bank of Commerce, New York, N. Y., carried this note into the general program. Speaker after speaker in the convention brought up the mooted question of how much of our domestic production is exported. Mr. Alexander went into the subject more categorically than any other speaker and to the following purport.

Various estimates of the volume of foreign trade as compared to the volume of domestic business have ranged from 5 to 20 per cent, and somewhere between 10 and 15 per cent has often been hit upon as a fair average. The so-called smallness of this percentage comes as a surprise to many men. Just why they should have been surprised and just why they should have been so much impressed by the percentage itself, it is rather difficult to understand. As I have said, it is a curious piece of business psychology. The only possible line of argument that could lead to the conclusion that foreign trade was unimportant because it constituted only 10 or 15 per cent is that the importance of that trade is to be estimated according to the ratio which it bears to total trade.

A 5 or 10 per cent loss, according to this theory, might suggest that 95 or 90 per cent of total trade would be left. This, of course, is absurd, because it presupposes that the 95 or 90 per cent does not in any way depend upon the 5 or 10 per cent. Moreover, it overlooks the fact that many of the most important things in financial and business life which determine the question of depression or business activity, of loss or profit, of sound or unstable finance, hang upon percentages of less than 10 or 15 per cent. A percentage in itself means nothing until we raise the question as to how much of a percentage change is necessary fundamentally to alter business conditions.

Final Declarations of the convention. In a general paragraph on "Simplified Procedure" the convention commended "the efforts being made under various auspices to improve and simplify the procedure of international trade practice through the adoption of standard definitions of shipping terms and credit instruments, and the effort to improve and standardize ocean bills of lading. The lack of adequate international machinery for the

enforcement of commercial arbitration is seriously felt, and it is hoped that this deficiency may promptly be met." The convention recommended the appointment of a committee by the National Foreign Trade Council to study the matter of terminology employed in banking practice, and especially in foreign exchange, with a view to securing simplicity, clarity, and uniformity.

In connection with the subject of transpor-

For example, the difference between normal volume of business and the volume of business at the bottom of a depression is only about 20 per cent, and the average reduction from normal business during the entire period of a depression may be under 15 per cent. Variations in operating ratios of not more than 5 to 15 per cent in some lines of business may cover the range of ample profits down to important losses. In other words, a so-called small percentage change means nothing until we can inquire into the effect of that change upon the fundamental courses of modern business.

The relation of small percentage changes in the volume of trade to business prosperity is one of first importance. A full understanding of this question, however, involves very much more than a knowledge of the ratio of foreign trade to our domestic trade. It involves the very significant relation between changes in gross business and profits; the demoralizing effect of a relatively small surplus upon domestic prices and hence upon profits; and the fact that a change in foreign trade representing only 5 per cent of total trade may mean a loss of 20 to 40 per cent of the trade of some of our important industries.

A German writer in the *Frankfurter Zeitung*, discussing this question of America's state in foreign trade, recently said that even if the most pessimistic figure were taken—say 5 per cent—and undoubtedly a figure that is too low, yet translating that percentage into terms of population, it is enough to count for the entire livelihood of upwards of 5,000,000 Americans!

The Importance of Finance

ANOTHER outstanding topic at this Foreign Trade Convention, as was to be expected, was financing of foreign trade. In the general session, Julius H. Barnes, now president of the Chamber of Commerce of the United States, discussed methods of putting our surplus gold to work in financing foreign trade; J. T. Holdsworth, of Pittsburgh, Pa., talked on foreign loan policies; Charles Muchnic discussed the factor of depreciated currency in competition; J. C. Ainsworth, of Portland, Ore., discussed the effect of high taxation on the exchanges; Walter Lichtenstein, of New York, discussed the need for imports to pay for exports, and Fred I. Kent, of New York, talked on factors that will help the exchange situation. In one of the group meetings, William H. Knox, of New York, talked on the practical side of financing export shipments.

In a particularly interesting group session on banking facilities for foreign trade, Wilbert Ward, of the American Acceptance Council, New York, set forth the results of the many months of work on the part of bankers in foreign trade to arrive at an agreement on a limited number of uniform commercial credit instruments. The excessive variety of forms of commercial credits has been a real difficulty in international trade, and there is general belief that if the American Acceptance Council can secure the elimination of the great number of these forms and get down to the use of a few clear commercial credit forms, it will make a great contribution to American business. A. Kains, of New Orleans, discussed the use of bankers acceptances, W. E. Guerin, of Cleveland, explained the many pitfalls in foreign trade financing, observed from recent experience, and Ralph Dawson, of the Guaranty Trust Company of New York, gave a technical paper on protection against exchange losses which is a real contribution to the literature of foreign exchange.

Another group meeting in this same general



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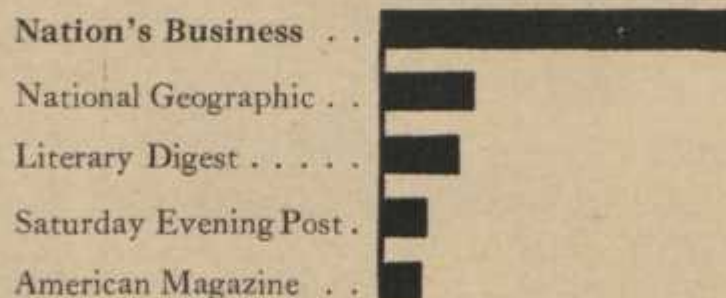
Many magazines can show a fine editorial table of contents. Many can show a fine list of subscribers. Both showings are evidence *from within* of publishing initiative. The real test, however, comes when someone *on the outside* goes around among those subscribers and (without the knowledge of the publishers) asks what magazines are being read.

Here is a specific instance, and it should be a great source of satisfaction to every reader of The NATION'S BUSINESS to see the position this magazine holds.

The American Mutual Test★

	Circulation	Vote
Literary Digest	1,426,000	402
Saturday Evening Post	2,111,834	327
National Geographic	734,000	269
American Magazine	1,750,489	238
Nation's Business	75,000	126
(Fifth among 30 magazines)		

Per cent of Circulation in the Business Market as indicated by this test



*For reaching the Business Market,
which magazine should be number one?*

THE NATION'S BUSINESS
WASHINGTON

field was that on foreign credits and credit information, presided over by J. H. Tregoe, of the National Association of Credit Men. Besides Mr. Tregoe's own contributions to this vital subject, there were addresses by A. T. Rickards, of Philadelphia, Pa., M. H. Hopkins, of Grand Rapids, Mich., L. R. Browne, of New York, N. Y., directed at the safeguarding of foreign credits. The discussion in this group was most spirited, and the published proceedings will be well worth study by any one interested in foreign trade.

A Foreign Loan Policy.—The Final Declarations of the Convention had much to say about matters of finance. Regarding the placing of foreign loans in this country the Declarations stated, in part:

It is of the utmost importance that our investment bankers, when negotiating foreign loans, should always have in mind so to handle them as to further American trade, and they should, as far as practicable, provide for the expenditure of some portion of the proceeds in this country for exports. . . . Not a dollar of American capital or credit should be used for political propaganda or militaristic purposes. American dollars are now all peace dollars. If and when European countries particularly shall establish political and social order, adopt a sound fiscal and financial program, reduce enormously inflated money issues and introduce a rigid system of taxation and economy to enable them to balance their domestic budgets, then the confidence of the American investor in their securities will be restored. Given these conditions, America must be prepared to cooperate liberally in the task of world restoration.

To Lengthen Credits

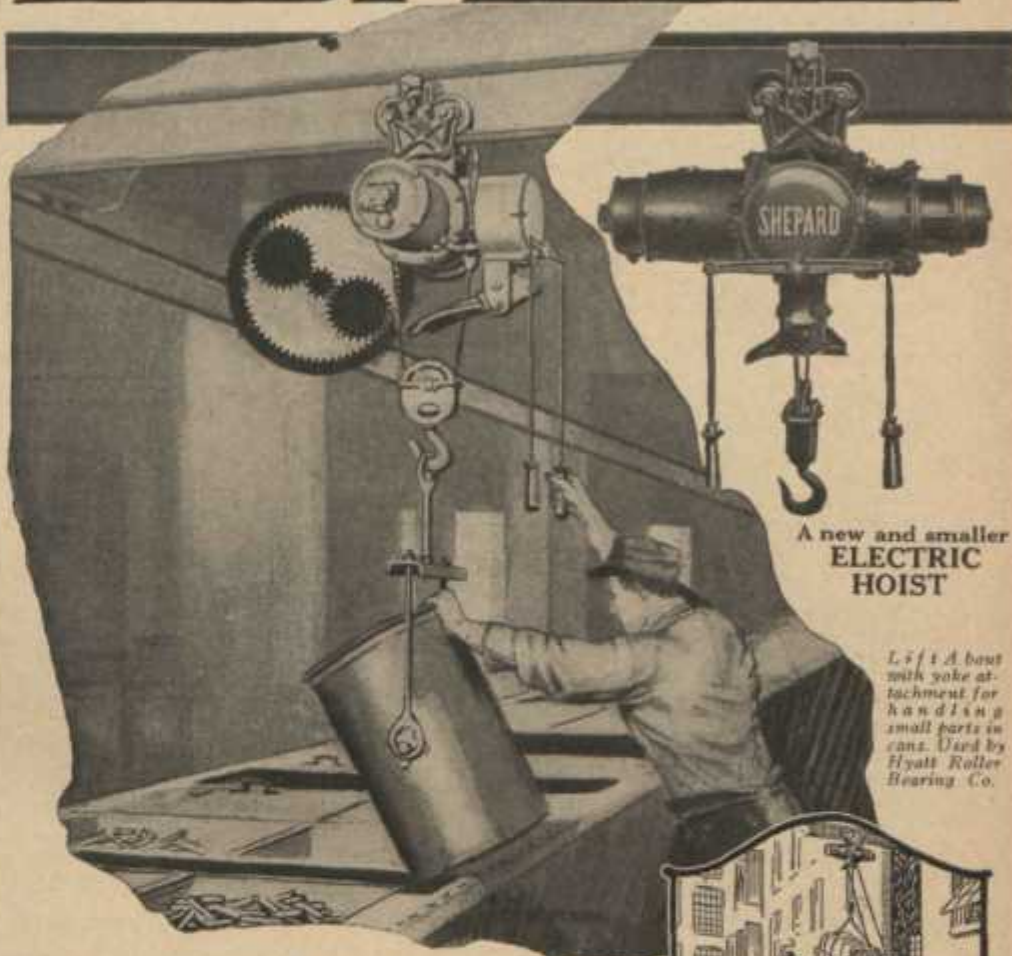
REITERATING the stand taken a year before of the need of creating financial institutions under the Edge Law to facilitate the extension of long-term credits and to promote free exchange of exports and imports, the convention had the following to say about what the Edge Law banks can do, and how they can be financed:

It is quite within the range of probability that had there been in existence last fall a foreign trade financing corporation operating on the Edge plan, credits adequately secured, of not over \$100,000,000, would have prevented the collapse of the wheat market and saved farmers of this country many millions of dollars.

The War Finance Corporation has rendered an incalculable service in recent months by the extension of nation-wide credits beyond the supply available through private channels. It has prevented the forced sale of many agricultural staples and by cooperation with the banks has averted a more disastrous liquidation. Sound economic policy, however, requires that such temporary expedients as involve governmental intervention shall be superseded as soon as possible by private initiative and credit. Under existing world disorder, however, some measure of collective, even governmental intervention, cannot be excluded from the domain of national business if the need clearly exist and private enterprise failed to meet that need. The immediate question is, then: What can be done to attract capital into this Edge corporation field?

It will be recalled that the original capitalization of the Federal Reserve banks was provided through the compulsory subscription by all national banks of 6 per cent of their capital. State banks and trust companies entering the system are likewise required to subscribe 6 per cent of their capital. Only "one-half, or 3 per cent of this required subscription, has been called or is likely ever to be called. The Federal Reserve Act provided that the Reserve Banks may pay, to Member Banks, dividends not to exceed 6 per cent upon their capital subscriptions. Profits in excess of 6 per cent go one-

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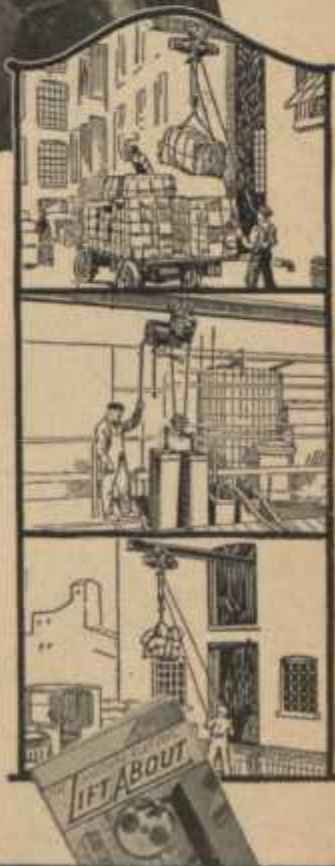
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half to surplus and one-half to the Government for the reduction of outstanding national indebtedness. When the surplus of any Reserve Bank has reached 100 per cent of its subscribed capital, only 10 per cent of its profits in excess of 6 per cent may be added to surplus, the remainder going to the Government.

As a result of the heavy resort of Member Banks to the re-discounting facilities of the Reserve Banks during the war and the subsequent period of inflation, all of the Federal Reserve Banks except one have accumulated the full statutory surplus of 100 per cent and are, therefore, limited to the 10 per cent annual addition to surplus.

In view of this situation, it is suggested that, under the direction of the Federal Reserve Board, the Member Banks shall be authorized to withdraw the 3 per cent of capital paid in without relinquishment of their existing rights and privileges as Member Banks, upon the condition that such withdrawals be invested in the stock of a corporation, or corporations, under the Edge Act, and that a Member Bank thus shifting its investment shall be released from the obligation now resting upon it to pay in an additional 3 per cent of its capital to its regional bank on the call of the Federal Reserve Board.

This procedure would not alter the status of the Member Bank nor limit the capacity of the Reserve Banks to meet the legitimate re-discount requirements of their members. On the other hand, it would afford Member Banks opportunity to withdraw capital from an investment no longer necessary to domestic banking and limited to earnings of 6 per cent and to put that capital into an investment not so limited as to profits, and essential in the floating of Edge corporations, the importance of which is paramount in the interest of foreign and domestic business alike.

The convention came out with a solid declaration in favor of Free Zones in ports of the United States for the handling, grading and cleaning of foreign merchandise for reexport as a needed aid to American commerce and shipping. The convention expressed renewed interest in the passage of the China Trade Act, and the principle of relieving Americans abroad from taxation upon income derived from sources within the foreign country of residence. A bargaining tariff was the subject of another general declaration of the convention, as it has been in previous conventions. There was a special statement of the fundamental position of agriculture as the chief of the key industries of the United States, without prosperity in which there can be no prosperity for the country. Passing attention was given to German competition.

On the text, "If thou wilt not buy thou shalt not sell," the convention said:

It must be recognized that the payment of foreign balances due the United States can be accomplished only in the degree that we are willing to accept goods and services. This by no means implies that the liquidation must be in competitive merchandise; on the contrary, it may take the form of non-competitive imports irrespective of their origin.

A Pine Tree's Real Name

PSEUDOTSUGA TAXIFOLIA are words which are not in the vocabulary of most of us, and we should show great resentment if anyone suggested we had pseudotsuga taxifolia anywhere about us.

The Federal Trade Commission, however, has just described a number of companies as manufacturing and shipping a product known as pseudotsuga taxifolia. Luckily, the commission adds a string of "aliases," including Oregon pine and yellow fir.

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\$450 Round Trip to the Rio Exposition

The United States Government has reduced the fare to South America more than 25%! First class passage to Rio de Janeiro is now only \$295. Special round trip fare to the Exposition only \$450. The trip is made in just 11 days—the fastest time.

These great ships, operated for the Government by the Munson Steamship Lines, are the finest on the South American run. Their spacious state-rooms are equipped with beds, not berths, hot and cold running water, electric radiators and fans. All rooms are on the outside; most have private baths. Diversion for every hour is provided by shaded promenades, library, card room, grand salon for dancing.

For information regarding reservations address:

Munson Steamship Lines

67 Wall Street

New York City

Write for Booklet

Your Government wishes the name of every prospective traveler. If you are considering an ocean voyage anywhere send the information blank now. You will receive the Government's valuable booklet of authentic travel information and description of the U. S. Government ships. You will be under no obligation.

Next Sailings Are:
S. S. Western World
July 8th
S. S. Southern Cross
July 22nd
S. S. American Legion
August 5th
S. S. Pan America
August 19th
Fortnightly thereafter

INFORMATION BLANK

To U. S. Shipping Board

Info. Desk B211, Wash., D.C.

Please send without obligation the U. S. Government booklet giving travel facts, and considering a trip to South America. I would travel for class () and () and ().

Going alone () with family () with others (). I have definitely decided to go () I am merely considering the trip ().

If I go date will be about _____

My Name _____

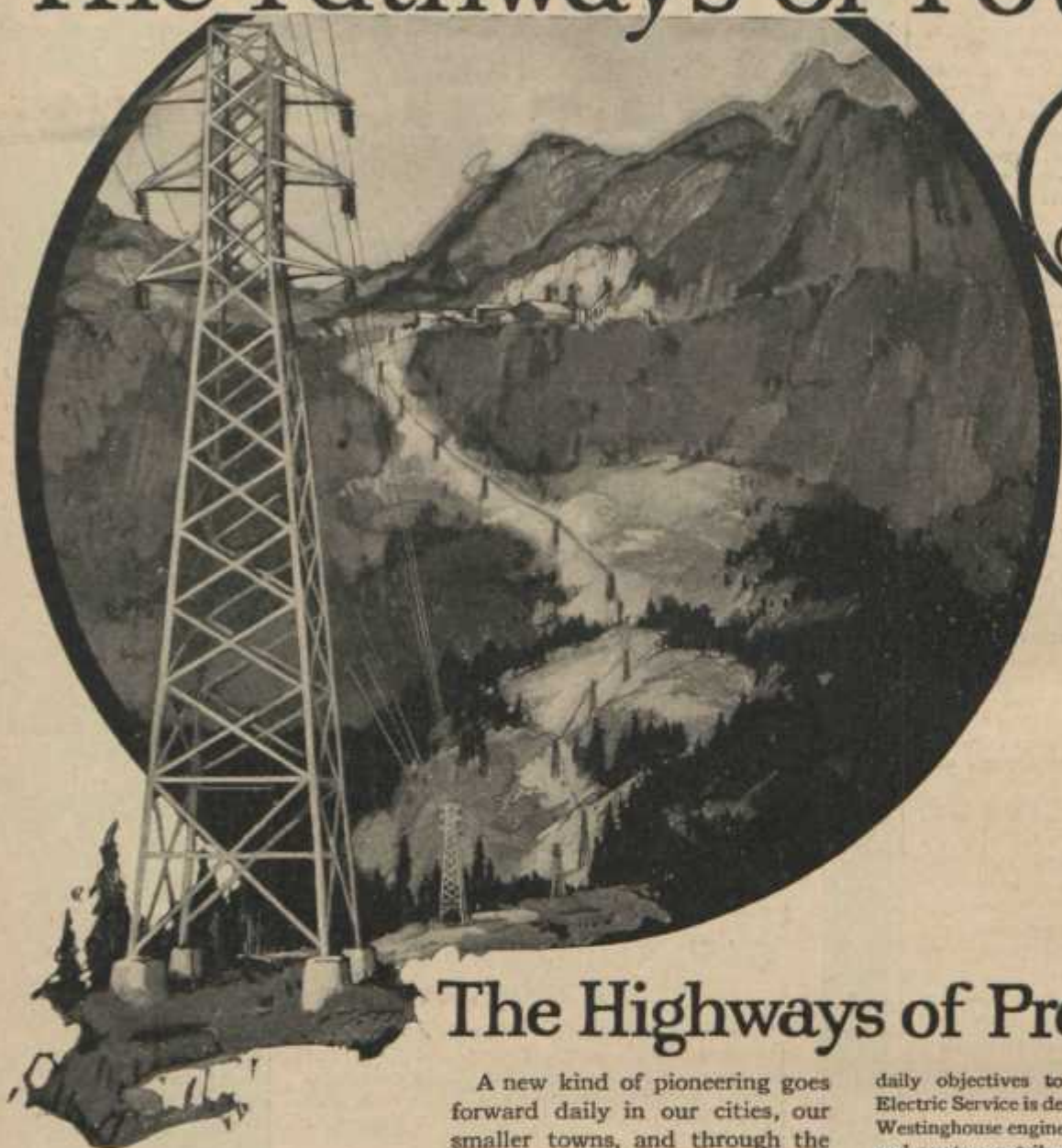
My Business or Profession _____

My Address is _____

From _____ State _____

UNITED STATES SHIPPING BOARD Information Desk B211 Washington, D. C.

The Pathways of Power—



The Highways of Progress

A new kind of pioneering goes forward daily in our cities, our smaller towns, and through the open country. Spreading in every direction, reaching always toward new points of service, the copper pathways of electric power make new roads for human progress.

This is the kind of thing men do as much for the hope that is in them as for the promise of gain.

Searching for new applications, finding new and better methods, developing a constantly improving usefulness at a continually lessening cost; these are the

daily objectives to whose attainment Electric Service is devoted, and for which Westinghouse engineering ever seeks new and greater contributions.

Witness the newly operative enterprise that markets in West Coast cities the power derived from mountain waters over four hundred miles away! Witness the great inland plants that now produce a kilowatt of electrical energy from two pounds of coal, where but a few years ago twelve pounds per kilowatt stood for great efficiency!

Surely there is no need to argue at length the truth of our headline—the pathways of power are the highways of progress!

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
Offices in all Principal Cities *Representatives Everywhere*

Westinghouse

P-A-X THE PRIVATE AUTOMATIC EXCHANGE

(More than a private telephone exchange—the Automatic Electric Services of the P-A-X include and co-ordinate interior telephony, code call, conference, watchman service and all other inter-communication needs)

Make It Hard for Your Employees Not to Be Efficient!



The P-A-X augments and completes but does not supplant nor connect with local and long distance telephone service.

THERE are two ways of getting a high percentage of efficiency out of your employees. One is to *establish rules*; the other, to *install preventive equipment*.

Most progressive executives resort to both these methods. For instance:

Nearly all plants have safety regulations—but safety equipment is also installed. Employees are required to report on time—yet—time clocks and other devices are used to be sure they do. A pretty good rule followed by foremost concerns (such as are typical of P-A-X users) is to lay down rules—then make it hard for the organization *not* to observe them!

The P-A-X is exerting an influence of discipline on the employees of over 1,000 notably successful organizations. Executives depend upon its services, among other things, to prevent their employees from wasting time talking to outside parties on personal business. Yet, this is only one of the many ways in which these concerns benefit.

Through its automatic electric services, all interior communication is expedited. Code call equipment finds men who have left their allotted stations, instantly! Through the conference wire problems are settled which in P-A-X-less days would have been held over until staff meetings. In fact, their entire inter-communication problem has been robbed of human-element waste and given a resulting degree of efficiency very evident in records of accomplishment and net earnings.

If you haven't been told what the P-A-X can do for you—get in touch with our nearest office and a field engineer will survey your needs and recommend.

Branch Offices

NEW YORK, 21 E. 40th St.
PHILADELPHIA, The Bourse Bldg.
BOSTON, 445 Tremont Bldg.
WASHINGTON, 905 Munsey Bldg.
ROCHESTER, 612 Mercantile Bldg.
PITTSBURGH, 608 Fulton Bldg.
CLEVELAND, 415 Cuyahoga Bldg.
CINCINNATI, 1913 Union Central Bldg.
COLUMBUS, O., 518 Ferris Bldg.
DETROIT, 525 Ford Bldg.
KANSAS CITY, 1001 New York Life Bldg.
SAN FRANCISCO, 320 Market St.
LOS ANGELES, 238 San Fernando Bldg.

In Canada—Address

Northern Electric Co., Ltd., 121 Shearer St., Montreal, P. Q.

Abroad—Address

International Automatic Telephone Co., Ltd., 60 Lincoln's Inn Fields, London, W. C. 2, England.

In Australia—Address

Automatic Telephones, Australasia, Ltd., 207 Macquarie St., Sydney, Australia.

Automatic Electric Company

ENGINEERS, DESIGNERS & MANUFACTURERS OF THE AUTOMATIC TELEPHONE IN USE THE WORLD OVER
HOME OFFICE AND FACTORY: CHICAGO, U. S. A.

Autocar models meet all requirements



5 ton Heavy Duty Autocar

4 cylinder engine Overall capacity 22,000 lbs.
156" wheelbase, Unladen chassis 7400 lbs., \$4100
120" wheelbase, Unladen chassis 7200 lbs., \$3950

2 ton Heavy Duty Autocar

4 cylinder engine Overall capacity 14,000 lbs.
138" wheelbase, Unladen chassis 5350 lbs., \$3075
114" wheelbase, Unladen chassis 5200 lbs., \$2950

1 1/2-ton Autocar

2 cylinder engine Overall capacity 11,000 lbs.
120" wheelbase, Unladen chassis 3700 lbs., \$2050
97" wheelbase, Unladen chassis 3600 lbs., \$1950

The H. C. Christy Company of Cleveland use three types of Autocar motor trucks. The complete Autocar line furnishes just the right transportation unit for every hauling need, because of:

modern design
light chassis weight
short wheelbase handiness
economy of space in traffic
low maintenance and upkeep
availability and low cost of parts
direct factory branch service

A motor truck is only as good as the service behind it

The Autocar Sales and Service Company

New York	Boston	Philadelphia	Pittsburgh	Chicago	St. Louis	San Francisco
Brooklyn	Buffalo	Camden	Allentown	Baltimore	Dallas	Oakland
Newark	Providence	Springfield	Chester	Washington	Los Angeles	Stockton
Schenectady	Worcester	Fall River	Wilmington	Richmond	San Diego	Fresno
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Direct Factory Branches of The Autocar Co., Ardmore, Pa., Est. 1897

Autocar

1897

Wherever there's a road

1922

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